FINANCIAL TIMES

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FRIDAY MARCH 5 1999

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Trade war escalates as EU fights US sanctions move

By Our International Staff

The European Union yesterday moved to challenge in the World Trade Organisation the US's decision on Tuesday to penalise imports from the EU in their dispute about bananas.

As Brussels and Washington faced growing tensions over a range of trade issues, EU ambassadors in Brussels demanded urgent WTO talks with the US over the retaliatory penalties.

They also called for an early meeting of the organisation's governing general council to review the US action, which they are adding to a complaint to a WTO panel that is examining the US trade law.

Sir Leon Brittan, EU trade commissioner, said the US measure clearly breached world trade rules and marked an escalation of the dispute over the EU's banana import regime.

In London, Stephen Byers, Britain's trade and industry secretary, summoned US ambassador Philip Lader to protest about the punitive action, which requires the immediate posting of bonds to cover the planned imposition of 100 per cent tariffs on more than $500m of EU exports.

In a statement to the Commons, Mr Byers said the US action pre-judged a ruling in the banana dispute by a WTO panel and was unauthorised by the organisation's procedures.

In Geneva, Renato Ruggiero, WTO director-general, called on the US and EU to resolve their differences "in a positive spirit".

EU trade commissioner Sir Leon Brittan holds up a transcript of a US press briefing on the banana dispute AP

Ambassadors of banana-producing Caribbean countries said Washington was trying to win a bigger share of the EU market for US banana distributors at their expense.

EU exporters said they feared the action would hit demand in the US for many products including cashmere clothing, biscuits, bed linen, handbags, bath preparations and pork.

The US says the EU has not complied with a 1997 WTO ruling against its banana regime, which favours imports from Africa, the Caribbean and the Pacific.

President Bill Clinton's administration, which faces strong pressure from Congress to retaliate against the EU, announced the measures on Tuesday, after WTO arbitrators asked for more time to determine the amount of damages the US is entitled to.

The temperature has been raised further by a vote in the US House of Representatives on Wednesday to ban Concorde flights from landing at US airports if the EU goes ahead with plans to outlaw aircraft fitted with "hush-kit" engine mufflers.

The two sides are also struggling to avert a confrontation over the EU's ban on hormone-treated beef.

Reports by Guy de Jonquières and Kevin Brown in London and Emma Tucker and Neil Buckley in Brussels

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ECB holds benchmark interest rate

By Wolfgang Münchau in Frankfurt

The European Central Bank yesterday left its short-term benchmark interest rate unchanged at 3.0 per cent, but warned that the euro-zone economy faced significant economic risks.

Wim Duisenberg, president of the ECB, insisted that its governing council had not shifted its "neutral" stance on interest rates, although the wording of his statement last night is likely to be interpreted as a signal of a future easing of policy.

Mr Duisenberg told a new conference last night: "The evidence available suggests that activity in the euro area has been slowing down in recent months."

He cited preliminary data from Eurostat, the EU's statistics office, according to which economic growth in the euro-zone may have slowed in the fourth quarter last year, driven in part by a weak manufacturing sector.

He said the continuing risks in the world economy meant it was "too early at present for a true favourable assessment of the external environment for the euro area". Causes for concern included external imbalances and the drying up of private capital flows into emerging markets.

Mr Duisenberg seemed to play down the significance of the recent increase in M3, a measure of broad money, which rose at an annual rate of 4.9 per cent in the three months from November to January.

He said the strong increase in M3 might be indirectly linked to the recent weakness of the euro. Most of the increase was due to a rise in private sector credit, which meant investors might have borrowed in euros and then converted their holding into US dollars to benefit from the higher US interest rates.

He dismissed the fall of the euro against the dollar as symbolic of a strong dollar rather than a weak euro. The euro's strength at the start of the year was exceptional, he said, while its current rate was equivalent to the D-Mark's level against the dollar for most of last year.

The ECB president criticised Oskar Lafontaine, the German finance minister, who had urged the ECB to cut interest rates. "I have heard him louder through the media than in the direct context," Mr Duisenberg said, referring to Mr Lafontaine's guest appearance at an ECB meeting.

He repeated his concern that fiscal policy might be too relaxed in some member states.

Europhoria fizzles out, Page 17
Bonds, Page 30
Currencies, Page 31

The gene that lets you eat, drink and stay skinny

By Victoria Griffith in Boston

Scientists have discovered a gene that may allow people to eat to their heart's content and still stay thin.

Canadian researchers have genetically engineered mice to resist weight gain even when fed very fatty foods. While control group mice on the same diet doubled their weight, mice from which a specific gene had been knocked out added 5 per cent or less to their total mass.

The experiments, published today in the journal Science, open a new path to research on obesity. Until now the focus has been on avoiding weight gain by curbing the desire for food.

The McGill University researchers have yet to figure out how the newly discovered weight resistance gene works, but they theorise that it may affect an organism's metabolic rate.

Although the thin mice in the experiments were no more physically active, the missing gene may have programmed their bodies to burn more fat and throw off more energy, even when just lounging around.

The genetically engineered mice were not only thinner, but were also resistant to type II diabetes, the kind of late-onset diabetes that tends to afflict overweight people.

Merck, the US pharmaceutical company backing the research, plans to study the gene target to create potential treatments for both diabetes and obesity.

The researchers concede they are uncertain whether they can induce the same weight and diabetes resistance in people.

Regulators would frown on the genetic engineering of humans, so drugs imitating the gene mechanism would have to be created before any clinical trials could take place.

"But we are encouraged that a very similar gene to the one we knocked out of the mice exists in humans," says Michel Tremblay, one of the study's authors.

One risk is that the higher metabolic rate apparently induced by the gene knock-out may cause the organism to age much more quickly. Mr Tremblay says that is a possibility, but counters: "Our mice are now two years old, and they are very healthy."

WORLD NEWS

UK colonies face tougher curbs on money laundering

Some of Britain's last colonial outposts will later this month be instructed to take fresh action to combat money laundering. The British government will also ask some of the 13 overseas territories, the last remnants of the former British empire, to update human rights legislation. The Caribbean overseas territories, led by the Cayman islands and the British Virgin islands, have significant financial services sectors that in the past have been blighted by money laundering. **Britain, Page 7**

Albright carrot for Indonesia
Madeleine Albright, US secretary of state, is expected to offer a resumption of US military aid to Indonesia if the armed forces halt human rights abuses in East Timor and other parts of the archipelago. **Asia, Page 6**

Uganda tourist killers 'dead'
Fifteen of the Hutu rebels who butchered eight foreign tourists in Uganda this week have been killed in a Rwandan army ambush, a senior Ugandan military officer said. **International, Page 4**

Chinese fraud ring uncovered
Chinese investigators have uncovered a web of bribes and fraudulent financial deals, estimated at RMB2bn ($240m), involving dozens of top-ranking officials in the eastern city of Ningbo. **Asia, Page 6**

Abortion case judge dies
Retired Supreme Court Justice Harry A. Blackmun, author of the 1973 decision that legalised abortion in the US, and set off one of the country's most explosive political debates, died yesterday at the age of 90. **Obituary, Page 5**

Backing for Blair's call to Europe
British prime minister Tony Blair has received backing from a leading UK industrialist over his call that the European Union should learn from the dynamic and deregulated economy of the US. **Britain, Page 7**

King sacks Jordanian government
King Abdullah of Jordan sacked the government in an effort to impose his authority and install a cabinet committed to economic reforms. **International, Page 4**

Iraq pipeline back in action
Iraq resumed pumping crude oil to Turkey three day after the pipeline from north Iraq was put out of action by US warplanes.

Estonians gear up for Europe
Estonians will on Sunday elect the government that is likely to lead the small Baltic nation into the European Union provided the schedule for EU enlargement remains on a fast track. **Europe, Page 3**

BUSINESS NEWS

IBM and Dell unveil $16bn IT swap deal

IBM and Dell Computer have forged a $16bn purchasing pact believed to be the largest of its kind in the industry. IBM, which began a push to sell technology in 1993 and formed a business unit to address the market last year, will supply Dell with storage, semiconductor, networking and display components. **Page 19; Editorial Comment, Page 17; Lex, Page 18**

Philips, the Dutch electronics group, launched an unsolicited offer for VLSI Technology after the Silicon Valley chipmaker delayed its response to Philips' $777m takeover approach made last Friday. **Page 19**

Japan has asked UK regulators to co-operate in an investigation into whether Credit Suisse First Boston has helped Japanese clients conceal losses through CSFB's London and Tokyo operations. **Page 18**

Volvo shareholders urged the Swedish automotive group to clarify its acquisition plans and growth strategy ahead of the proposed SKr50bn sale of its car division to Ford of the US. **International companies, Page 22**

AT&T Canada and MetroNet Communications, the Canadian telecoms company, have agreed a merger that would create a company valued at C$7bn (US$4.6bn). **Page 19; Analysis, Page 24**

Spain is to sell its 66 per cent of Indra, the information and control systems company, in a transaction worth some Pta92.5bn (€555m, $630m). **International companies, Page 22**

Banca di Roma is set to announce a strategic alliance with ABN Amro, the Dutch banking group, which is expected to acquire 8 per cent of the Italian bank. **Page 19; Analysis, Page 23**

A group comprising some of Norway's biggest companies will build a NKr8-9bn ($1bn-$1.1bn) gas-fired power plant and paper mill in western Norway. **International companies, Page 22**

Bernard Arnault, chairman of LVMH, the French luxury goods group, hopes to recommence talks with the management of Gucci over their legal battle. **European companies, Page 23**

Romania is gearing up for the partial privatisation of the state oil company, SNP Petrom. **European news, Page 3**

Lex on Dell and IBM
Good producer meets good seller – good deal
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PUBLISHED WITH TOMORROW'S WEEKEND FT

how to spend it colour magazine

Framing Caine
British icons under the eyes of the portrait painter

Germany concedes over farm spending

By Haig Simonian in Bonn

Germany made a significant concession yesterday in the way European Union farm spending should be reformed.

The move will ease differences with France and could pave the way for agreement at this month's EU summit in Berlin.

Germany's preferred method for reform centres on co-financing – under which EU spending would be cut by shifting part of the farm-spending burden to member states.

However Bodo Hombach, the German minister who acts as chief of staff for Gerhard Schröder, the chancellor, said that although co-financing remained Bonn's preference, it "had hardly any chances" now.

A split between Bonn and Paris on co-financing, bitterly opposed by the French, has threatened to block progress at the March 24-25 summit called to discuss the Agenda 2000 blueprint for reforming the EU's finances, agriculture and regional policies. The common agricultural policy accounts for more than 40 per cent of the EU budget.

The German government, which holds the revolving EU presidency, put a brave face on its revised approach by saying the French had come up with "interesting suggestions" for reforming finances. Neither side, however, provided any details.

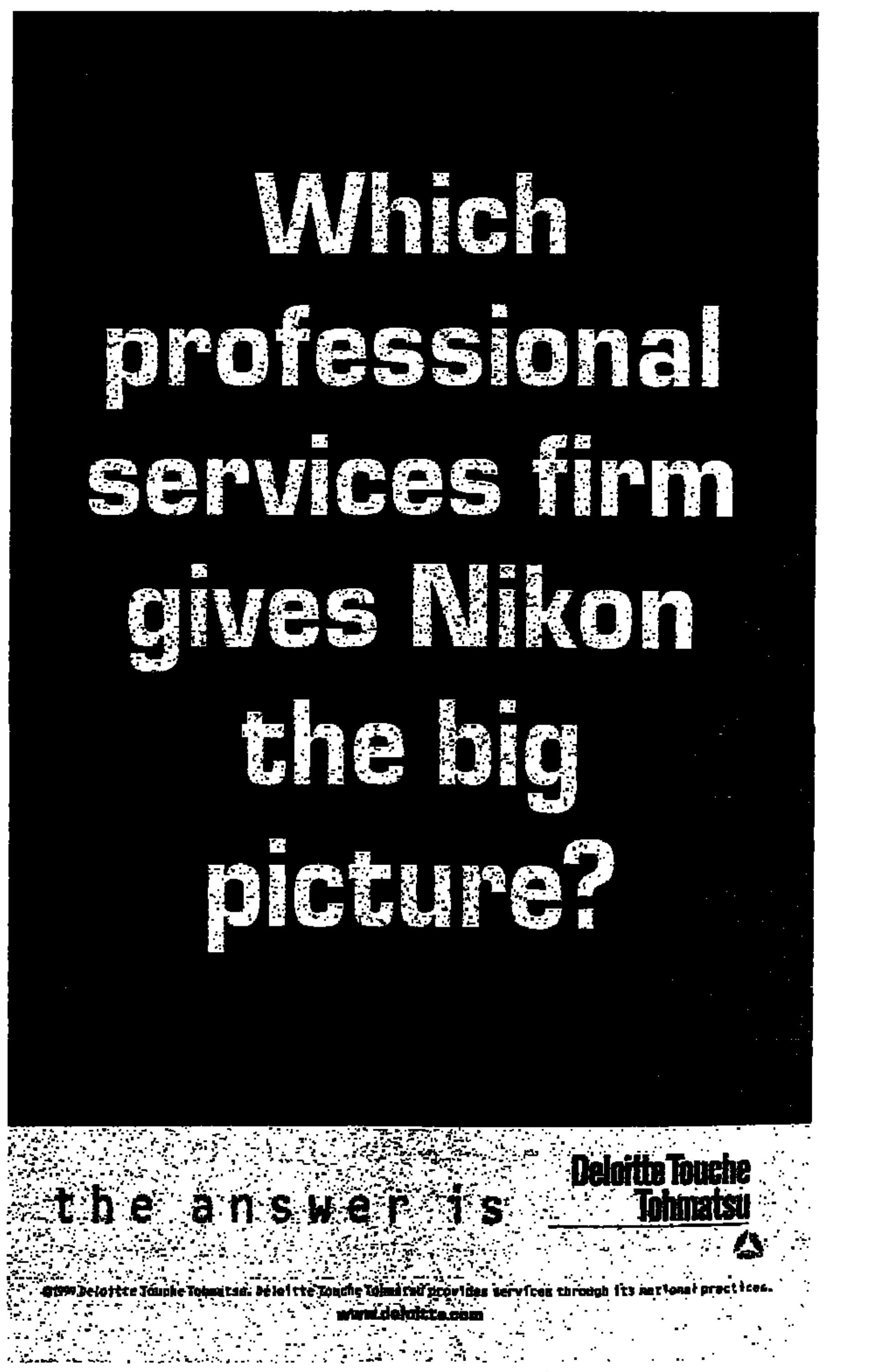
Bonn's move should prompt a marked improvement in its relations with Paris, which have been increasingly tense in recent weeks over differences on EU agricultural reform.

The new warmth could break the deadlock among EU farm ministers struggling to find ways to keep future spending, adjusted for inflation, at about €40.5bn a year between 2000 and 2006 as proposed by the German EU presidency.

Meeting at Cologne airport yesterday, Karl-Heinz Funke and Jean Glavany, the French and German farm ministers, said any solutions would have to be within the agreed spending limits. The two men planned to brief fellow EU farm ministers on their talks at the resumption of formal negotiations in Brussels last night.

However remaining obstacles to a deal on EU reform were highlighted last night when the European Commission told farm ministers they would have to cut direct aid to farmers by up to a fifth every year from 2001 to 2006 unless they agreed to drop some of their demands.

Direct aid, Page 2



WORLD MARKETS

STOCK MARKET INDICES			**GOLD**		
New York: lunchtime			New York: Comex		
Dow Jones Ind Av	9,447.84	(+171.96)	(Mar)	$288.4	(287.2)
NASDAQ Composite	2,302.79	(+37.53)	London:		
Europe and Far East				$287.95	(287.05
CAC40	4,087.99	(+83.83)	**DOLLAR**		
DAX	4,678.72	(-18.95)	New York: lunchtime		
FTSE 100	6,101.4	(+55.1)	£	1.6067	
FTSE Eurotop 300			€	0.9263	
Nikkei	14,183.45	(+13.09)	SFr	1.4703	
US LUNCHTIME RATES			Y	123.375	
Federal Funds	4.6875%		London:		
3-mth Treas Bills: Yld	4.62%		£	1.6078	(1.6177)
Long Bond	93 18/32		€	0.9234	(0.9160)
Yield	5.7%		SFr	1.4884	(1.4553)
OTHER RATES			Y	123.4	(121.325)
UK: 3-mo Interbank	5 7/16%	(5 5/8%)	Tokyo close:		Y 122.25
UK: 10 yr Gilt	108.71	(108.832)	**EURO (London)**		
Euro Euribor	3.111%	(3.112%)	$	1.0829	(1.0918)
Germany: 10 yr Bund	96.66	(97.01)	£	0.6735	(0.6748)
Japan: 10 yr JGB	101.509	(100.963)	Y	133.63	(132.457)
NORTH SEA OIL (Argus)			SFr	1.5901	(1.5886)
Brent Dated	$11.22	(10.76)			

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Euro-zone target price €2.15. Prices in local currency as shown

Bahrain	Din1.300	Iceland	IKr285	Oman	OR1.75
Belgium	BFr90 (€2.23)	Italy	L3900 (€2.01)	Poland	Zl 10.00
CIS	US$4.00	Jordan	JD1.75	Portugal	Esc320 (€1.60)
Croatia	Kn19.00	Kuwait	KWD0.750	Qatar	QR13.00
Denmark	DKr16.00	Latvia	Ls1.65	South Africa	R16
Estonia	EKr34.00	Lithuania	Lit21.00	Spain	Pta325 (€1.95)
Finland	Fmk13.00 (€2.19)	Lebanon	LBP3.500	Sweden	SKr20.00
France	FFr14.00 (€2.13)	Luxembourg	LFr90 (€2.23)	Switzerland	SFr3.50
Gibraltar	£0.85	Morocco	Dh18.00	Syria	S£80.00
Greece	Dr500	Netherlands	Fl 4.80 (€2.18)	Tunisia	Din2.000
Hungary	Ft360	Norway	NKr19.00	UAE	Dh13.00

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WORLD NEWS
EUROPE

Direct farm aid 'may need large cuts'

By Michael Smith in Brussels

Direct aid to European Union farmers after 2001 may have to fall by up to 20 per cent a year – far more than previously suggested – according to an analysis unveiled yesterday by the European Commission.

Implementing such cuts may prove politically impossible, especially in countries such as France, which have strong agricultural lobbies. France has suggested cuts of 1 to 3 per cent a year; the UK 4 per cent.

The Commission's analysis was released just as farm ministers returned to Brussels to resume their marathon talks on reform of the Common Agricultural Policy (Cap).

It was interpreted as warning ministers they will have to adopt a more rigorous approach if they are to stand any chance of agreeing a deal that meets calls from government heads to freeze EU spending on agriculture.

According to the Commission, adding requests for funding by various farm ministers to compromises already proposed by the German presidency would mean overspending by €25bn ($27bn) between 2000 and 2006, during which period the budget is to be frozen at 1999 levels.

One way of saving the €25bn, it says, would be to cut direct aid for all sectors by 15 per cent a year after 2001, although the cuts would not apply to the first €5,000 ($5,470) of annual payments to each farmer.

Another method would be to cut aid for arable crops by 20 per cent and other sectors by 7 per cent. A third would be to pay less to better off farmers, with reductions on direct payment income above €25,000 a year.

Each alternative is likely to be seen as unacceptable even to the most reform-minded ministers. The commission is determined, however, that its plans for Cap reform, which initially would require extra funds, do not fall victim to demands from the heads of government for budget austerity.

So far it has resisted large-scale dilution. In the latest compromises to which it and Germany, holder of the rotating EU presidency, agreed last week, the Commission insisted that cuts in guaranteed prices for cereals remain at 20 per cent.

It agreed that price cuts for beef could be limited to 25 per cent against the previous 30 per cent suggested, although crucially the lower level does not guarantee farmers a market at the lower level, it simply requires the EU to offer storage facilities.

Of the three big regimes being reformed, milk remains the most difficult. Some countries, including the UK, want production-limiting quotas abolished in 2006, while others, such as France, see no need for any reform.

The latest Commission compromise suggested lowering prices by 15 per cent and lifting quotas 1.5 per cent for most countries, with additional increases for Greece, Spain, Italy and Ireland.

Athens urged to open up telecoms

By Karin Hope in Athens

The European Commission has threatened the Greek government with legal action unless it implements European Union directives on liberalising the telecommunications sector by May.

Greece has lagged behind the rest of the EU in opening up the telecoms market to private operators. Unlike Portugal and Ireland, which liberalised public voice telephony ahead of the EU deadline, Greece is resisting pressure from Brussels to open up the market before January 1, 2001.

The Commission deadline covers satellite telephony, tariffs and licensing terms for cellular networks, and licensing procedures for private operators setting up alternative fixed-line networks to compete with OTE, Greece's state-controlled telecoms operator.

OTE has been criticised by the Commission for abusing its dominant market position.

The Commission last year froze €38m ($41m) in grants to finance a modernisation programme at OTE because the government failed to ensure its compliance with EU directives.

Commission officials said the government had delayed administrative measures which would have allowed construction of alternative networks for more than two years. OTE is the only operator in the EU that still has a monopoly of fixed-line telephony.

Analysts said the governing Socialists were reluctant to expose OTE to the full force of market competition. Socialist officials are considering setting up a second state-controlled voice operator in partnership with local entrepreneurs, which would use networks owned by the state gas or electricity utilities.

An official at Greece's telecoms regulator said legal *problems over rights of way* for private operators to lay fibre-optic cables had stalled the launch of alternative networks.

He said satellite telephony would be opened up to competition next month, with the award of a licence to Iridium, the international satellite telephone operator.

Greece's two private cellular operators, which both have licences for GSM systems, the most commonly used frequency for mobile phones, have been unable to expand their networks because of a dispute with OTE over connection fees for mobile services. An OTE subsidiary last year launched Greece's third cellular network.

Germany's Greens: on top at last or just starting to wilt?

Power is now being exercised by the party of protest, but this is prompting fresh soul-searching, says **Frederick Stüdemann**

Are Germany's Greens wilting?

At first glance the question seems wide of the mark. Sixteen years after the first casually dressed, flower-bearing Greens cycled into the Bundestag, the lower house of parliament, promising a radical alternative to mainstream politics, the party of protest has at last made it into power.

Core Green policies, such as opposition to nuclear power, high energy taxes and reformed citizenship laws, are embedded – albeit watered down – in the programme of the Social Democrat (SPD) led government of Chancellor Gerhard Schröder.

Joschka Fischer, the most gifted Green leader, is now foreign minister and, according to various polls, the most popular member of the new "red-green" administration.

But as Greens gather today in the eastern city of Erfurt for one of their main conferences of the year, they are not so much flushed with success as divided and despondent.

Some fear the party is at risk of being marginalised as an effective political force.

This weekend's conference had been intended to debate the party's platform ahead of elections to the European parliament in June.

But with the re-emergence of tensions between so-called "realist" and "fundamentalist" factions within the party, the agenda has been changed to allow for a soul-searching debate on the future of the Greens.

The party's main problem is that it is showing its age. Its egalitarian internal structure, which has roots in ideals of grass-roots democracy, sexual equality, and the desire to avoid the power centres typical in mainstream parties, are now cumbersome and often counterproductive.

On the policy side, the party's political profile comes across as old-fashioned and narrowly-focused on issues linked with the environment.

This has already hit the party at the ballot box. In February voters in the state of Hesse, once a Green heartland, deserted in droves. The party's share of the vote dropped from 11 per cent to 7 per cent.

The drop was particularly apparent among younger voters, who in the past have been a natural constituency for the Greens. In Hesse many of them went over to the conservative Christian Democratic Union.

The result, which cost the Greens and SPD control of the upper house of the national parliament and the government of a vital state, was no freak occurrence. It was the fifth consecutive state election in which the Green vote had dropped.

Gunda Röstel, one of the party's two chairpersons and a supporter of fundamental structural and policy reforms, drew a grim conclusion from Hesse: "Voting Green is no longer an automatic act for young and first time voters."

The long term implications of this trend are clear. Ms Röstel said that unless the Greens managed to widen their profile and address areas of more interest to voters, such as employment and technological change, the party risked becoming marginalised.

Such a move appears to make sense. Care for the environment is now a mainstream issue in Germany.

The country has some of the toughest environmental regulations in the world. Waste recycling is a feature of every household. Big industrial companies – once demons in the eyes of activists – now proudly produce annual "eco-audits".

As Oswald Metzger, the party's spokesman on budgetary affairs, puts it: "Nuclear and eco-taxes and dual nationality are important issues for us, but they are not enough for building a popular majority.

"You have to do that by addressing the bigger issues – jobs, economic capability, welfare reform – with competence and capability."

Mr Metzger, 44, would like to see the Greens establishing themselves as the agents of reform and liberalisation within the government. But to reach such goals the Greens will have to take final leave from some core beliefs.

This tension is easily visible in the debate about party structures. The most notable points of contention are a ban on members holding leading positions within the party and in government and the "two of each" approach to party positions, such as chairpersons or leaders of the parliamentary faction.

Realists such as Mr Fischer say "professionalisation" of the party is necessary if the Greens are to be credible in government. Those closer to the fundamentalist position, such as Antje Radcke, the other co-chairperson, or Kerstin Müller, one of the two heads of the parliamentary faction, say professionalisation would undermine the commitment to sexual equality and produce a centralised structure commanded by one man.

Recently the realists appear to have been winning.

Mr Fischer scored a notable coup last month when he won the backing of Jürgen Trittin, the environment minister and formerly a hardline fundamentalist, for an overhaul of the party.

But it is by no means clear the membership will back such changes. Past conferences have delivered more "fundamentalist" results, such as the decision last year to promote a dramatic hike in petrol taxes. That promptly led to a slump of popular support for the Greens.

Mr Fischer will have his work cut out if he is to revive the party and unite it behind him at Erfurt this weekend.

A Party divided

Joschka Fischer, Realist; Jürgen Trittin, Fundamentalist; Andrea Fischer, Realist; Gunda Röstel, Realist; Antje Radcke, Fundamentalist; Oswald Metzger, Realist

AUSTRIAN POLITICS FAR-RIGHT CHALLENGE

Haider hopes to gain in regional poll

By Eric Frey in Vienna

Jörg Haider, leader of Austria's far-right Freedom party, is poised for a political comeback this weekend when he is expected to make a strong showing in regional elections in his home state of Carinthia.

Polls show Mr Haider's party in first place for the first time, ahead of the Social Democratic party, which has dominated Carinthian politics since the second world war. Some surveys put his standing as high as 40 per cent, up from 33 per cent at the last elections.

A clear-cut victory would revive Mr Haider's political fortunes, which have suffered from a string of scandals in his party. If the Freedom party comes out ahead on Sunday, Mr Haider will try to reclaim the governorship of Carinthia, which he lost in 1991 after praising the "orderly employment policies" of Hitler's Germany.

Although the Freedom party is likely to emerge as the largest single party in the region, the Social Democrats and the conservative People's party are expected to block his ambitions and keep Christof Zernatto, the current governor, in power. But this would allow Mr Haider to score political points by accusing the established parties of ignoring the voters' will.

Jörg Haider: back on the up

In parliamentary elections scheduled for the autumn, a scorned Mr Haider could be a bigger threat than if he is elected governor.

A weak showing by the Carinthian Social Democrats would be a setback for Viktor Klima, chancellor, and could cut his big lead in the opinion polls. Mr Klima had tried to push the lacklustre regional party leader Michael Ausserwinkler aside, but gave up when Mr Ausserwinkler persisted.

Mr Zernatto is the most popular politician in the state, but his People's party is still expected to remain in third place, after Mr Haider and the Socialists.

Sweden plans response to clamour for tax cuts

By Tim Burt in Stockholm

The Swedish business executive sighed, took out a pen and began jotting on his napkin. According to his rough calculation, he was paying almost 60 per cent income tax, wealth tax and property tax of 1.5 per cent, and double taxation on dividends – not to mention social security contributions of 33 per cent.

"I am going to pay 25 per cent tax in this restaurant," he said. "My teenage daughter works holiday weekends as a waitress and she starts paying tax at SKr9,000 ($1,095) a year. It has gone too far."

For the past three years the businessman – who declined to be named – has also paid a 5 per cent special tax levied on high income earners.

Given such statistics, it should be no surprise that Sweden's tax burden has become the highest in the industrialised world – equivalent to 54.5 per cent of gross domestic product.

In the coming months, all that may change. Erik Asbrink, the country's finance minister, says the government is close to unveiling a series of "concrete proposals and guidelines" to reduce taxation for all Swedes. The move owes much to healthy government finances, which have been restored to surplus after reaching a calamitous deficit of more than 10 per cent of gross domestic product in the mid-1990s.

But it also reflects a growing clamour from some of Sweden's largest companies for radical fiscal reform. Large exporters, such as Ericsson, the telecommunications group, have warned that high taxes make it hard to recruit foreign executives and difficult to retain skilled Swedish staff.

Indeed, the company has been so irked by punitive income taxation that it is moving some important corporate functions to London. Recent opinion polls of business sentiment echo that view; a large majority of senior Swedish executives expect more companies to leave. Their possible departure also reflects widespread dissatisfaction at double dividend taxation. That policy is thought to have been central to the decision by Stora-Enso, the newly merged Swedish-Finnish paper group, to locate its headquarters in Helsinki rather than Stockholm.

But Social Democrat politicians – among them Mr Asbrink – are unconvinced. They point out that companies in Sweden benefit from the EU's lowest corporation tax at 28 per cent, and remind critics that heavy income taxation has not prevented the international growth of well known groups such as Electrolux or Volvo.

Moreover, they say Sweden is not alone in facing demands for tax reform. Large German businesses have threatened an exodus recently, but it remains to be seen how many actually relocate. The Norwegian government is coming under pressure from the oil industry to cut taxes.

Danish industry is, meanwhile, demanding cuts in corporation tax to Swedish levels. But the Social Democrat government in Copenhagen has agreed only to cut such taxes from 34 to 32 per cent this year, and possibly to 30 per cent in 2000.

Finland's Social Democrat-led coalition may even increase taxation on capital by taxing shareholder dividends, if re-elected in this month's general election.

Against that background, Swedish ministers portray the likely tax reform package as progressive – at least by Nordic standards – and not at all defensive. In a sign of its "modernising" agenda, the government has hinted at a 25 per cent income tax rate for foreigners working in Sweden on short-term contracts.

But such reforms will not be introduced overnight. If cuts can be agreed in parliament, they are likely to focus first on low and middle income earners. Even then they may not be introduced until 2001. Changes in wealth tax and dividend charges could take longer still to deliver.

The government's caution reflects a determination not to jeopardise public finances. Given its left-of-centre roots and union ties, it is also wary of any reform package that might threaten funding of the country's generous welfare system.

"The prime minister is committed to lowering taxes little by little," said one senior civil servant. "The reform will be presented as bold, but it may not go as far or as fast as people expect."

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R

NEWS DIGEST

PEACE ENVOY ISSUES WARNING

Bosnian Serb leader threatened with sack

The west's top peace envoy to Bosnia has warned the president of the country's Serb republic that he may sack him for obstructing the peace process.

Carlos Westendorp, who has sweeping powers to implement the 1995 Dayton peace accord, sent a hard-hitting letter to President Nikola Poplasen over his failure to nominate a prime minister able to win majority backing in the Bosnian Serb parliament.

Mr Poplasen has so far refused to propose Milorad Dodik, the western-backed incumbent, for another term in office following September's general election.

Western officials insist that only Mr Dodik can win both sufficient parliamentary support as well as international aid. Mr Westendorp issued his warning after Mr Poplasen started proceedings on Wednesday to remove Mr Dodik from office.

● Britain yesterday made a strong and direct pitch to Russia to persuade Yugoslavia to accept an international peacekeeping force in Kosovo, but failed to get a clear answer from Moscow, where overt pressure on the Serbs would not be popular. Robin Cook, Britain's foreign secretary, told his Russian counterpart, Igor Ivanov, that Russian participation in a military force would be "warmly welcomed" by Nato countries, and that because the planned Nato-led force of some 28,000 peacekeepers would have a British commander, "I can therefore speak with authority on this".

At a joint press conference with Mr Cook, Mr Ivanov said that Russia, along with other members of the Contact Group mediators on the Kosovo crisis, was "aware that reaching agreement (between Serbs and Albanians in Kosovo) is not without great difficulties" and therefore Moscow "realises the need for participation in the implementation of any agreement".
Reuters, Sarajevo and David Buchan, Moscow

DUTCH PROVINCIAL ELECTIONS

Opposition wins most votes

The Dutch government of Wim Kok was shaken yesterday after the opposition Christian democrat CDA emerged as the largest party in provincial elections.

The elections provided the first nationwide test of voter sentiment since Mr Kok won a second term last May. The social democratic PvdA of Mr Kok, prime minister since 1994, secured more votes than its rivals in the last two general elections. This time it was pushed into third place.

The outcome will leave the three-party coalition with only a slender majority in the senate, which the provincial assemblies appoint. The campaign also undermined relations between the PvdA and the free-market VVD, its main cabinet partner. The two parties clashed repeatedly during the campaign on issues ranging from how to limit refugee inflow, to what budgetary steps would be needed to deal with a weakening economy.

The Green Left, which groups environmentalists and former communists, posted the largest gains. It overtook the centre-left D66, junior member of the coalition, to rank fourth in popular support with some 10 per cent of the vote. Mr Kok said his party had "encountered a headwind, and we have to cycle harder".
Gordon Cramb, Amsterdam

SWITZERLAND

Fears over Kurdish protests

Swiss troops moved into Geneva yesterday to erect barbed wire barricades around the buildings of international organisations and foreign missions to guard against possible incursions by Kurdish exiles.

Young conscript soldiers in camouflage uniforms climbed out of trucks outside the United Nations European headquarters at the Palais des Nations to take over guard from Geneva police who have been on duty there over the past two weeks.

Other soldiers wove barbed wire into a barrier around the nearby offices of the UN refugee agency UNHCR, and manned another barricade at offices housing the Israeli mission and the United States trade mission.

The army's arrival, which has brought protests from left-wing and anti-military groups, came at the request of the Geneva city authorities who argued the police could not cope with what they call "the current security situation." This refers to what officials fear is a threat of disorder from Turkish Kurds – thousands of whom live in exile in Switzerland – over the pending trial in Turkey of Kurdish guerrilla leader Abdullah Ocalan.

Some 20 unarmed Kurds, supporters of Ocalan's PKK Kurdistan Workers' Party, briefly occupied rooms in the Palais des Nations, the UNHCR building and the World Council of Churches last month after Mr Ocalan was arrested. **Reuters, Geneva**

ITALIAN CABLE CAR DEATHS

US pilot acquitted

Massimo D'Alema, Italy's prime minister, said yesterday he was "baffled" by a jury verdict acquitting a US marine pilot on all charges in the deaths of 20 people killed when his jet sheared lift cables over an Italian ski resort.

The jury also found the pilot, Richard Ashby, not guilty of lesser charges of destruction of property and dereliction of duty in an accident on February 3 that sparked calls to close US military bases in Italy.

During the four-week trial at the Camp Lejeune Marine Corps base in North Carolina, prosecutors alleged Ashby was intentionally flying too low and too fast on the low-altitude training mission through the Italian Alps.

But defence witnesses said Ashby was unaware lift cables were strung across the path plotted out for the flight, his final training mission in an EA-6B electronic-surveillance jet before transferring to fighter-pilot school.
Reuters, Camp Lejeune, North Carlina

EUROPEAN COURT OF JUSTICE

Ruling on cheese

The European Court of Justice said yesterday Austria could restrict sales of the German cheese Cambozola if consumers were found to have been fooled into thinking they were buying Italian Gorgonzola.

In a ruling which confirmed European Union countries may limit trade to protect registered designated products, the Court said Cambozola was an "avocation" of Gorgonzola because it contained part of the protected cheese's name and the same number of syllables.

The judges said, however, it would be up to an Austrian court to rule whether consumers had been confused. If the Cambozola trademark "use is to be allowed to continue, its initial registration must have been made in good faith and its use must not be liable to deceive the public," it said.

The case was brought by the Consortium for the Protection of Gorgonzola Cheese.
Reuters, Luxembourg

EUROPE

RIFTS IN TEAM DISCUSSIONS TURN ON QUESTION OF DISSOLUTION OR REDUCED ROLE

Banks still split over restructuring of GKOs

By Arkady Ostrovsky

The team of western banks representing foreign holders of up to $15bn of Russia's defaulted domestic bonds are to press the Russian government to finalise its proposals for restructuring the bonds.

While some banks are still hoping to reopen the talks with the government to negotiate a better restructuring deal, most of the banks, after yesterday's meeting, seem to be inclining towards tendering.

Under discussion yesterday had been whether the group should be dissolved or its role reduced to communicating information between the banks and the Russian government, said one banker familiar with the talks.

He said only a few bank representatives had attended yesterday's talks in person.

The attendance has been scant, with some banks merely telephoning. "We see more and more junior people in the meeting room."

Rifts among the banks came into the open earlier this week when Deutsche Bank was removed as a chairman of the group after it had *unilaterally* accepted Russian terms of the restructuring of the short-term domestic bonds, known as GKOs.

Deutsche Bank has been followed by Chase Manhattan, which has also accepted the deal before all the details had been provided.

The two banks and their clients account for between 30 and 40 per cent of the foreign GKO holdings.

However, some of the banks, including Nomura and Bank of America, are strongly opposed to the terms of the restructuring, which could return them just 2.5 per cent of the face value of the bonds before the devaluation, and to the way the negotiations have been conducted.

One banker said: "These talks were held at a time when we had no idea about our legal rights".

He said fresh negotiations were needed to achieve voluntary restructuring, rather than a unilateral deal dictated by the Russian government. However, most of the banks appear to have resigned themselves to the deal on offer.

The emerging consensus is that the legal and administrative costs of continuing to seek new terms, as well as lost business opportunities, would outweigh potential benefits.

Crédit Suisse First Boston (CSFB), which together with its clients accounts for up to 40 per cent of the foreign holding of the GKOs, has so far refused to accept the offer, saying the Russian side "has not provided sufficient information to permit CSFB to assess the Russian sovereign restructuring".

The Russian finance ministry has since agreed to extend the deadline for foreign investors to accept its terms.

CSFB yesterday said it was considering its options and would write to its clients next week. Legal action by the bank against the Russian government is considered unlikely.

"After three months of negotiations we were unable to get the Russian government to concede to any significant changes in the terms of the deal," one banker said.

"We are dissatisfied with the terms of the deal but we want to move on rather than to bang our heads against a brick wall."

PRIVATISATION PLANS TENDER FOR FINANCIAL CONSULTANTS TO ADVISE ON OFFERING

Romania prepares for oil sell-off

By Joe Cook in Bucharest

Romania is gearing up for the partial privatisation of the state oil company, SNP Petrom. It has announced plans to launch a tender to select financial consultants to advise on an international public share offering of up to 49 per cent of the company.

At least 11 international investment banks have expressed interest in the mandate, according to Ioan Popa, Petrom's director general. *He said* three British investment banks – Fleming's, Rothschilds and HSBC – as well as Merrill Lynch, Morgan Stanley Dean Witter and Salomon Smith Barney of the US, Holland's ABM Amro and ING Barings, Société Générale of France, Germany's Deutsche Bank and the US-Swiss bank, Credit Suisse First Boston, have so far signalled their intention to participate in the tender.

Two big oil companies, Elf Aquitaine of France and Total of the US, have also shown interest in Petrom. A delegation from Elf is due to arrive in Bucharest on March 8 to hold talks with the government.

Under a law designed to safeguard Romania's "strategic" assets, the government will retain at *least* 51 per cent of Petrom.

The government, which currently owns 92.4 per cent, has yet to decide on the size of stake it intends to sell, but has previously talked of floating between 30 per cent and 40 per cent of the company on both the international and local stock markets. In addition, the company's employees would almost certainly be allocated a stake of up to 10 per cent in the company as part of any sell-off deal.

SNP Petrom produces an annual 6.6m tonnes of crude oil (against installed capacity of 14m tonnes) and 6.2m tonnes of natural gas from both its Black Sea operations and mainland oil fields.

In a report published before last year's collapse in *oil prices, Global*, a *Turkish*-owned Bucharest stock brokerage, valued it at $1.75bn.

● Eastern Europe's biggest water utility privatisation got under way yesterday as 10 international utility companies signalled their interest in bidding for a majority stake in the Romanian Water Company, Regia Apa Generala Bucuresti (RAGB).

Potential bidders include Azurix, the UK-based subsidiary of Enron of the US, Britain's Anglian Water and Thames Water, International Water Limited, a *joint* venture between *Britain's* North West Water and Bechtel, Ruhr Wasser of Germany, Italy's Acea Roma and Azienda Acque Milano, and Suez Lyonnaise des Eaux and Générale des Eaux of France.

Bucharest city hall expects to raise about $70m from the deal. The winning bidder will hold a 25-year concession to manage and modernise Bucharest's water and sewage services. RAGB's technical consultants estimate investment of at least $1bn is needed in the utility.

Europe has a tendency to build a fence around it, says Lennart Meri, Estonia's president

Estonians still 'on course' to join EU

President confident of entry in 2003 but voices concern that *members of the Union may not be ready for Estonia's inclusion*

By Matej Vipotnik in Tallinn and Peter Norman in Brussels

Estonians will on Sunday elect the government that is likely – provided the schedule for EU enlargement remains on a fast track – to lead the small Baltic nation into the European Union.

All the parties with a chance of getting enough votes to form a government *favour* entry into the EU as well as retaining Estonia's currency board, which pegs the national currency, the kroon, to the D-Mark.

In fact, if there is any threat to Estonia's fast-track bid for EU membership, it *may come from the 15 existing* member states, rather than from Tallinn.

Lennart Meri, president of Estonia, yesterday predicted his country would be ready to join the EU by January 1 2003.

But, in an interview with the Financial Times, he was less sure the EU would be ready to face this reality.

"Europe has a tendency of building a fence around itself," he said in Brussels, shortly before meeting Jacques Santer, the European Commission president.

The electoral campaign has been marred by intense sniping between an alliance of centre-right parties – which advocate further market liberalisation – and the Centre party, which is calling for a progressive income tax and farm subsidies.

The preferred target of centre-right attacks has been the leader of the Centre party, Edgar Savissar.

A canny populist, Mr Savissar was one of the leaders of Estonia's drive for independence from the Soviet Union, won in 1991, and served as prime minister from 1990 to 1992.

However, his opponents contend that Mr Savissar has authoritarian leanings. They cite a 1995 scandal in which Mr Savissar, then interior minister, was forced to resign after it emerged the secret services were, on his behalf, taping his conversations with leading politicians.

In the election campaign, Mr Savissar has appealed to those who feel they have not benefited from Estonia's market reforms, namely pensioners, farmers and the naturalised ethnic Russians who account for one fifth of the electorate.

Mr Savissar's Centre party now tops the opinion polls, with about 17 per cent of of the vote. It could have a shot *at forming a government*, but more likely to emerge is the centre-right alliance of the Reform party, the Moderates and Pro Patria Union.

The Coalition party is struggling to cross the 5 per cent electoral threshold and at best can hope to play the role of king-maker.

Business says 'don't delay'

By Christopher Bobinski in Warsaw

Leading industrialists have urged the European Union not to delay enlargement to the east, amid growing fears in the applicant countries that they will not be allowed to join until after 2006.

The appeal comes in a *report prepared by the* enlargement working group of the European Round Table (ERT) presented in Warsaw yesterday by Percy Barnevik, chairman of Investor AB, the Swedish industrial conglomerate.

"The challenge now is to keep the negotiating process going for Europe's sake," said Mr Barnevik.

The report is produced under the auspices of the ERT, which is headed by Helmut Maucher, chairman of Nestlé and groups western Europe's leading businessmen including Morris Tabaksblat, from Unilever and Jürgen Schrempp, of DaimlerChrysler. It contains case studies showing the experiences of western investors in the area.

"The ERT believes that EU enlargement offers 'win-win' opportunities for the EU and the central and eastern European countries," the report says.

The report cites wider customer choice, better training and productivity as well as new sources of capital among the *benefits* of western investment to the area. It says a Philips subsidiary assembling video recorders in Hungary is contributing €1bn ($1.1bn) to the country's export total and has created around 3,000 new jobs locally.

Meanwhile, the EU has benefited by increasing *exports to the area, the* report says. This means western companies have been able to increase capacity utilisation and specialisation at their existing plants. Investment in the east has also given western companies access to cheap, skilled labour in the area.

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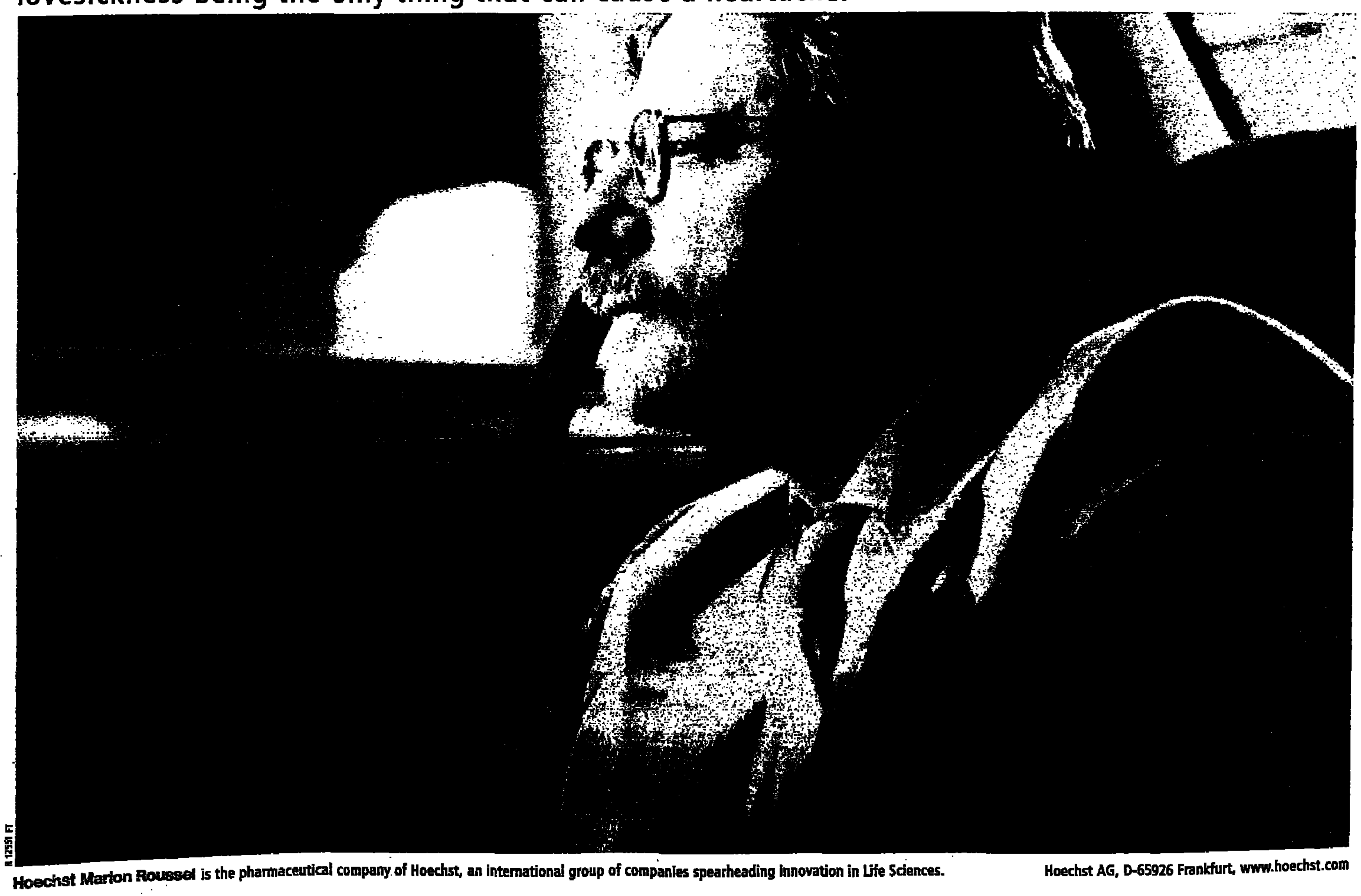

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WORLD TRADE

Airbus backs US in battle over aircraft noise

By Michael Skapinker in London and Emma Tucker in Brussels

Airbus Industrie has thrown its weight behind US opposition to new EU aircraft noise regulations and has endorsed Washington's demand that the matter to be referred to the International Civil Aviation Organisation (Icao).

In a letter to Federal Express, the US freight company, in October, Noël Forgeard, Airbus managing director, strongly denied the European manufacturing consortium was behind the proposed EU rules.

Under the rules, no aircraft fitted with a hush-kit, or engine muffler, will be allowed to fly in the EU after April 1 2002 unless it was already operating in Europe before April 1 this year. The proposed regulation has been furiously opposed by the US government and aviation industry, which allege Brussels is unilaterally amending new noise regulations agreed at Icao, a United Nations body.

The US industry has alleged that Brussels' proposed regulations, which have the backing of all 15 EU member states, are designed to protect Airbus in its battle against Boeing of the US. All Airbus aircraft comply with the new Icao regulations and do not need to be hush-kitted. Many US-manufactured aircraft need mufflers to comply with new Icao noise standards.

Brussels yesterday postponed adoption of the rules until the end of the month to allow further discussion with the US.

However, a Commission official said there was no question of watering down the draft law. "The issue is of crucial importance for European citizens who are increasingly protesting about the noise levels around airports often located close to densely populated urban areas," said the official.

Brussels criticised Washington's threat to bar Concorde, the European supersonic jet, from landing at US airports as an "unnecessarily aggressive act". The comment followed a vote by the US House of Representatives on Wednesday to ban Concorde from flying to the US if the EU pressed ahead with its plans.

In his letter to Theodore Weise, Federal Express' chief executive, Mr Forgeard said of the proposed EU rules: "Let me assure immediately that Airbus Industrie is not the source of this proposal nor...have we been involved in any way in designing the technical justification for the proposed EU regulation."

Federal Express, which is a potential customer for the planned "super-jumbo" Airbus A3XX aircraft, is one of the US airlines which would be most affected by the proposed EU rules.

Mr Forgeard wrote: "I can...without fear of contradiction confirm to you that Airbus Industrie is supporting the FedEx position."

He said Airbus was "in complete accord" with Federal Express that the matter should be referred to Icao.

TRANSATLANTIC TRADE DISPUTES DOMESTIC PRESSURE IN BOTH US AND EUROPE FUELS ACRIMONY OVER SEEMINGLY TRIVIAL ISSUES

Conflicts turn nasty as each side puts Number One first

By Nancy Dunne

The distance between Washington and Brussels is 3,876 miles, but the gap this week has seemed much wider as the heated exchanges over trade policy have reached a peak.

US officials have sent unequivocal messages that the administration is prepared to act as well as talk tough. Pressure from Congress for tough US action on trade is coming from several fronts – from the popular bill to forbid Concorde landings if the EU bans US re-engined and hush-kitted aircraft to steel quota legislation.

In testimony this week before a House agriculture subcommittee, a senior trade official talked about the trials of trying to gain acceptance in Europe for genetically modified products. James Murphy Jr., assistant trade representative for agriculture affairs, said that politics too often influences the EU approval process. EU regulations are confusing, based on questionable science, impractical and time-consuming, he complained.

Another agriculture official, August Schumacher Jr. this week warned that failure to resolve the long-running fight over hormone-treated beef would damage the World Trade Organisation. It has not helped that the EU is challenging the US over a trade law – Section 301 – which is rarely used, but is nevertheless, much beloved by Congress because it threatens trade sanctions.

Meanwhile, almost half the members of the House have signed on to legislation sponsored by Congressman Peter Visclosky, an Indiana Democrat, limiting all steel imports, country by country, for three years. Although the bill has less support in the Senate, it is in danger of being included in an omnibus trade bill which would also contain presidential authority to negotiate new trade liberalisation pacts.

David Aaron, US commerce undersecretary, returns to Brussels next week to try once again to settle the hush-kit issue. He talks of a new "inward-looking" EU as officials focus on harmonising their rules and regulations and building Europe. "The EU is becoming unilateral....looking at issues in the European context," he said. "This is a new feature for them. This is what the US has always been accused of."

'The EU is looking at issues in the European context. This is new. This is what the US has always been accused of'

European constituency groups have grown stronger, he said. He sees the aircraft noise regulation as deliberately discriminatory. "The line has been drawn carefully so Rolls Royce engines would be acceptable," he said while US engines would not, although many planes flying will be nosier.

"What started out as a genuine worry about airport noise has evolved into a very discriminatory instrument," he said.

While the disputes are "relatively small problems" when compared with the vast trade and investment across the Atlantic, "a little sand can make a lot of noise in an engine."

In Brussels, Sir Leon Brittan, trade commissioner, yesterday said the EU had no intention of retaliating with its own sanctions, but would keep its response entirely within WTO rules.

Although he said he believed the WTO system would survive the damaging dispute between the EU and the US, he warned that it looked a "bit odd" for a country hosting the next round of multilateral trade talks to be in breach of WTO rules.

He added that the US should have waited for the arbitrator's decision before taking action.

"They have risked a major trade confrontation for the sake of a couple of weeks. It is simply irrational for them to do so, quite apart from being objectionable, and it is not in their interests," he added.

● Representatives of Caribbean banana exporting countries reacted angrily to the latest US action, issuing a statement saying the move was "deeply unfair to the industries affected, which have no connection whatever with the banana dispute."

The Caribbean Banana Exporters Association said: "Unilateral action by the US which pre-empts a ruling by the WTO subverts the international trading system."

"Small nations will be particularly at risk, once major powers can decide unilaterally on penal action against other WTO members before the dispute settlement procedures have been exhausted."

See Editorial Comment

Leon Brittan holds up a transcript of a US press briefing on the banana dispute yesterday AP

Sanctions will have 'chilling effect' on trade, says EU

US trade officials said yesterday they did not know what impact the duties on $500m of EU goods would have, **write Nancy Dunne in Washington and Neil Buckley in Brussels.**

But an EU official said there are very real concerns in Europe. "Regardless of what this [US action] means in theory, it means in practical terms that imports will not get through. It has a chilling effect on trade."

The US said on Wednesday it would delay imposing the 100 per cent duties, but it would immediately require importers to post bonds to cover threatened duties. The bonds are likely to be 3 per cent of the 100 per cent duty on such products as pork, handbags, bath preparations, sweet biscuits, cashmere sweaters, bed linen, coffee and tea makers, and pecorino cheese.

Jay Ziegler, spokesman for the US trade representative, yesterday said: "We would certainly hope that the Commission sees this course of action as the last opportunity to reach a negotiated solution that is in our mutual interest."

The US announced the duties after arbitrators in the World Trade Organisation sought further information on harm to US exports caused by the EU's banana regime. They, therefore, were unable to rule on the EU regime within the 30-day time frame providing in the WTO dispute settlement understanding.

No quick fix for China, says US

By James Kynge in Beijing

The US said yesterday it made "important progress" in talks on China's admission to the World Trade Organisation, but ruled out any possibility of Beijing being given a special deal.

"There is no mini-package. There is no quick fix. There is no special deal. There is no sweetheart deal. There are terms for accession into the WTO. They are clear," said Charlene Barshefsky, the US trade representative.

Ms Barshefsky's assurance appeared aimed at placating the European Union, which warned the US yesterday that it would oppose any deal that offers Beijing WTO membership in exchange for special favours to Washington.

Ms Barshefsky declined to give details on the talks with Chinese officials, but she said Beijing had exhibited "a very serious attitude and a strength of purpose". Her meeting with Mr Zhu Rongji, the premier, who impressed Ms Barshefsky with his grasp of detail and candour, lasted an unusually long 2¼ hours.

A team of US negotiators will remain in Beijing this week after Ms Barshefsky flies home to attempt to hammer out solutions to remaining sticking points. Their aim is to reach a deal to coincide with Mr Zhu's visit to the US in April.

But there have been many false dawns during China's 13-year attempt to enter the world trade body. This may prove another.

The difficulties that China faces in promising to liberalise its farm sector, on which 900m poor peasants depend, are huge. Financial services liberalisation is also problematic in a country dominated by state banks with a bad asset ratio estimated conservatively at 20-25 per cent. China's ailing state sector, and ballooning unemployment make market access promises sensitive.

INTERNATIONAL

New attack on money laundering launched today

By Ian Hamilton Fazey

A new attack on money laundering to be launched in Vienna today proposes a league of internationally approved offshore centres with acceptable standards of control over their use by the financial industry.

Governments responsible for centres which fail to reach the standards of the league within five years would come under international pressure to close them. The league would, in effect, be a "white list".

However, the United Nations Global Programme Against Money Laundering, which is launching the scheme – the Offshore Initiative – is wary of using the term because of political sensitivities.

But the approach is a "carrot" one, as opposed to the "stick" approach of the Organisation for Economic Co-operation and Development (OECD), which wants to blacklist suspect centres.

The Isle of Man, Cayman Islands, Gibraltar and Malta, which have all brought in substantial anti-money laundering measures, have started talks with the Global Programme about becoming authorised centres.

Guernsey is also known to be keen to be considered for the "white list".

The UN believes that offering an opportunity for inclusion in a "white list" is thought more likely to attract worldwide political support than straightforward exclusion, or blacklisting of suspect centres.

This latter approach might, it is thought, be seen by many developing countries as discrimination by rich nations, led by the Group of Seven and the OECD's 22 other countries.

Offshore centres have multiplied over the past decade as computer and communications technology has enabled the financial industry to globalise.

They are a quick way of creating well paid jobs in developing countries. There are now 18 in the Caribbean and central America, 16 in Europe, 11 in the Asia-Pacific region, three in the Gulf and eastern Mediterranean, and three in or off Africa.

Many claim to be regulated by governments which have passed supervisory legislation.

However, there is usually a shortage of technically qualified people to enforce the law.

A UN report last year said that many of the banks were little more than "closets with computers", even though they had full access to the global financial system.

Training would be a feature of the Offshore Initiative, which the UN hopes will be endorsed at an international conference next year.

One important aspect of today's initiative is that it does not challenge the role of offshore centres as low tax zones which ease international capital flows.

UN officials believe that tax havens will survive because of this role, so it will be better to work with them to separate the money laundering issue from arguments about taxation and harmonisation.

The aim would be to reach consensus on criminal use of the centres.

Uganda tourist killers 'are dead'

Fifteen of the Hutu rebels who butchered eight foreign tourists in Uganda this week have been killed in a Rwandan army ambush, a senior Ugandan military officer said yesterday. Reuters reports from Bwindi National Park.

Lieutenant Colonel Benon Biraro said Rwandan troops killed the 15 rebels inside the Democratic Republic of the Congo on Wednesday after Uganda's army pursued them over the border.

"The Rwandan army killed 15 of them and sustained about three casualties," said Col Biraro, military commander in the Mbarara region of south-western Uganda in Bwindi National Park. He said the ambush took place by a road between Goma and Kisoro in eastern Congo.

There was no independent confirmation of the claim.

Rwanda and Uganda are close allies and have deployed their armies in eastern Congo to fight the Rwandan Hutu rebels and support a Congolese rebel army fighting to oust President Laurent Kabila.

About 150 Hutu rebels abducted 31 foreign tourists from Uganda's famed Bwindi National Park at dawn on Monday. The tourists had travelled to the park for an adventure holiday tracking rare mountain gorillas.

The rebels took 14 of their captives on a long trek through the jungle towards Congo and later butchered eight of them with clubs and machetes. The remaining six were released with a message warning the west to stop supporting Rwanda's government.

The victims were four Britons, two Americans and two New Zealanders – four men and four women. One woman was apparently raped before she was killed.

Ugandan President Yoweri Museveni has vowed to stop at nothing to capture or kill the rebels, and FBI agents are also in Uganda to help track them down.

South Africa to sell off state forests

By Victor Mallet in Johannesburg

South Africa yesterday announced plans to sell the rights to 332,000 hectares of commercial forest owned by the state for an estimated R1.5bn ($240m), signalling a renewed determination to push ahead with its privatisation programme after months of delays.

"This transaction represents the largest offering of its kind that has taken place anywhere in the world," said a joint announcement from Stella Sicgau, minister of public enterprises, and Kader Asmal, minister of water affairs and forestry.

According to a memorandum for potential bidders to be made available today by Real Africa Durolink, the South African investment bank advising the government, the state is offering long-term leases on the forest land, along with five sawmills and other equipment.

The state-owned South African Forestry Company Ltd (Safcol) and half of the commercial plantations of the department of water affairs and forestry are to be disposed of. The government says it expects approaches from companies in Europe, North America and Asia; most existing private plantations in South Africa are owned by Mondi, the paper producing arm of the Anglo American group, or Sappi, the Johannesburg-based international paper company.

Potential buyers, who will be obliged to meet environmental standards and cater for the needs of local communities (some of which have outstanding land claims in the forests), can make offers for the assets as a whole or for seven smaller packages.

A shareholding of 75 per cent will be transferred to the private sector – of which at least 10 per cent must go to black empowerment interests. A further 10 per cent will go to the National Empowerment Fund, and the remaining 15 per cent will be shared between the government and employee share ownership schemes.

Initial proposals should be submitted by mid-April. Government officials hope to name a preferred bidder or bidders by August.

Last year, the government sold 20 per cent of Airports Company South Africa (Acsa) to Aeroporti di Roma of Italy for $164.5m. It is now planning to sell about a quarter of South African Airways to a foreign buyer.

Abdul Raouf Rawabdeh: appointed prime minister

Jordan's king sacks cabinet to make way for reformers

King Abdullah yesterday sacked Jordan's government in an effort to impose his authority and install a cabinet committed to economic reforms, **Judy Dempsey reports from Jerusalem.**

The new prime minister, Abdul-Raouf al-Rawabdeh, 60, is a cabinet veteran. His deputies will include Rima Khalaf, former planning minister. Mrs Khalaf is a supporter of economic reforms, as is Abdul-Karim al-Kabariti appointed chief of the royal court. The banker and former prime minister was sacked in March 1997, partly because of policy differences with Prince Hassan, former crown prince.

Mr Rawabdeh's first task will be to implement a reform package agreed this week with the International Monetary Fund. It entails cutting the budget deficit from last year's 9.6 per cent of gross domestic product to 7 per cent. Backed by a three-year financing package of $450m, the government will also have to tackle state enterprise debts and unpaid public sector arrears.

Regulators ponder capital adequacy rules

By George Graham, Banking Editor, in London

After a decade in which it has established an internationally accepted minimum standard for bank capital adequacy, the Basle capital accord is starting to show its age.

But the efforts of the Basle Committee of banking supervisors to bring the system up to date are fraught with difficulty. Many banks are now worried that in an attempt to correct the flaws in the old system, they will create much worse faults in the new.

The 1988 capital accord required banks to hold a minimum capital cushion equivalent to 8 per cent of their balance sheet, with half of that capital held in the form of shareholders' equity, and with a limited amount of adjustment to take account of the varying riskiness of different assets on that balance sheet.

Supervisors now acknowledge that the numbers attached to the Basle ratios were far from scientific. They seemed about right at the time, and have had the salutary effect of increasing the overall amount of capital in the international banking system.

But they make few distinctions between high and low risk loans, create a perverse incentive for banks to make higher yielding but riskier loans.

Jan Kalff, chairman of ABN Amro, the leading Dutch bank, said: "When you charge an 8 per cent ratio on any loan not covered by a mortgage, then you obviously don't go for the loan to Shell which pays only 5 basis points (above interbank rates), but to the butcher on the corner who pays 300 basis points.

William McDonough, Basle Committee chairman, acknowledged as much in a recent speech: "It has become apparent that the long run relevance and efficacy of the Basle Accord is waning for the most sophisticated institutions."

Some banks use sophisticated credit risk models to come up with the amount of capital they believe they need as a buffer against risk. Supervisors have accepted the use of similar internal models for market risk – the effect that moves in interest and exchange rates can have on the value of a bank's trading portfolio – but are still a long way from accepting them for credit risk, where the statistical data are less reliable.

They appear ready, however, to introduce a modified version of the old Basle formula that relates the capital charge for a particular kind of loan much more closely to the probability that it will not be repaid.

But supervisors do not really want to reduce the overall amount of capital held in the banking system – $830.5bn for the world's 100 largest banks, according to Fitch IBCA, the credit rating agency. So the *quid pro quo* of a refined credit risk formula will be an additional charge to cover operational risk – the risk that systems or people might fail.

The danger, however, is that the perverse incentives ironed out by refining the credit risk ratios will be re-introduced by a crude measure of operational risk.

Other refinements sought by the commercial banks include greater recognition of the effects of collateral; acceptance of netting arrangements, in which corresponding claims are offset; and the acknowledgement of credit derivatives, securities which allow banks to sell off the default risk on a particular loan or pool of loans.

Less welcome to the banks may be the treatment of securitisations, in which loans such as mortgages or credit card receivables are packaged into bonds and sold on to investors. These are currently accepted by many regulators as a transfer of risk away from the bank's balance sheet.

In many cases, however, the bank retains a tranche of the securities bearing the greatest risk of default or, if the securitised loans go sour, agrees to buy them back from investors. Some regulators want to tighten the capital treatment of such securitisations.

The money rolls in as the candidates go to dinner

By Deborah McGregor in Washington

If there was any doubt that the road to the White House in 2000 will be paved with gold – and greenbacks – yesterday's crowded schedule of fundraisers helped dispel it, showing just how frantic the money chase is already becoming.

There were three fundraising dinners in New York City for Vice President Al Gore. Bill Bradley, the former basketball player who is Mr Gore's main Democratic challenger, held his first big dinner in New Jersey. And in New York Dan Quayle, the former Republican vice president, benefited from the latest in a series of fundraisers.

All this on the heels of First Lady Hillary Clinton's sold-out appearance at a Democratic National Committee luncheon in New York City that put $500,000 into the party's war-chest.

Even by the standards of recent elections, the 2000 race is shaping up as a campaign cash extravaganza.

Mr Gore is hoping to raise $54.9m. the maximum allowed, by pushing every legal restriction to the limit.

Under the law, there is a $33.5m spending cap on the amount a presidential contender can raise, but it can be stretched by adding another $6.7m for fund-raising, plus $6.7m for legal and accounting fees in the primary campaign, and $8m for legal and accounting costs in the general election.

Since both parties have backed away from enacting stricter campaign finance laws, the widely recognised excesses of former elections have given way to a no-holds-barred race for money this year that even veteran fundraisers say is unusual.

Jolted out of the starting gates early by a primary process that will culminate in vital ballots in the first week of March 2000, most presidential contenders believe that if they do not undertake aggressive fund-raising now they will have simply missed the money boat.

Even long-shot contenders, such as John McCain, an Arizona Republican , will hold a fundraising event almost every day this month. John Kasich, the House budget committee chairman and an Ohio Republican, has set a goal of raising $18.5m this year.

The conventional wisdom has been that it is necessary to raise about $20m in the year before the election in order to mount a viable campaign. But that may need to be re-indexed to take into account campaign cost inflation in the 1996 and 1998 elections. The New York Senate race last year in which Democrat Charles Schumer barely defeated Republican Al D'Amato cost a hefty $40m, leaving campaign veterans shaking their heads in disbelief.

By complying with campaign spending limits, presidential candidates become eligible for about $16.5m in federal matching funds. Mr Bradley this week said he had already raised enough money to qualify for matching funds, although this does not actually go to the candidates until January 1 2000.

Many political observers are closely watching the money strategy of George W. Bush, the Republican front-runner. Mr Bush's advisers have been debating whether to forgo federal matching funds, which would leave him to raise as much money as he can. With party support building behind his fledgling campaign, it is possible he could raise more that way than Mr Gore.

It would also allow Mr Bush to compete head-on with Steve Forbes, the millionaire magazine publisher who eschews federal funds. In 1996, Mr Forbes spent $32m of his own money in a bid for the presidential nomination, much of it directed against Bob Dole, the eventual nominee. He is expected to spend more than that this time.

Whoever wins, there is clearly no way of stopping the money tide now that it is rolling. As Mr Bradley once put it: "Money in politics is like ants in your kitchen. You have to keep them all out, or you'll have them all in."

Venezuela court rejects reform plan challenges

By Raymond Colitt in Caracas

Venezuela's supreme court yesterday appeared to back down from an argument over the government's call for a constituent assembly with far-reaching reform powers. Indicating that a resolution to the stand-off might be in sight, a government minister insisted the assembly would be entirely representative and democratic.

The court rejected four out of 11 lawsuits challenging a decree by Hugo Chávez, the president, to call a plebiscite over constitutional reform.

If Mr Chávez won the plebiscite, he could decide the composition and format of the constituent assembly on his own terms.

Luis Miquelena, interior minister, said yesterday the assembly would have unrestricted powers, not only to rewrite the constitution but to found a new republic, if it wanted.

"Once the assembly is under way, it is sovereign. No one can govern this country with the current legal framework. It is a straitjacket," he said.

But Mr Miquelena, played down fears of authoritarian rule, insisting the constituent assembly would be entirely democratic.

"The government has no intention whatsoever to discriminate or exclude anybody from the constituent assembly and is ready to make this clear in any way, including a new decree [on the terms of the assembly] if necessary," he said.

Mr Miquelena also insisted critics were exaggerating the role of military officers appointed to government posts.

Some cabinet members are said to be uncomfortable with the president's style and to reject the appointment of military officers as presidential watchdogs.

But Mr Miquelena said the appointments were "simply putting under-utilised capacity to public use".

During his first month in office, Mr Chávez has been heavily criticised for putting pressure on Congress and the supreme court not to oppose his political reform plan.

But Mr Miquelena said the constituent assembly was essential to solving the country's deep political and economic problems.

He said the assembly would consider not only depoliticising the judiciary and balancing presidential powers, but could also eliminate hundreds of municipalities that are "plagued by corruption and wasteful spending", and force a democratisation of political parties and unions.

Mr Miquelena admitted that the political reform affected the country's precarious economic situation but insisted the assembly would also go a long way in "improving legal security for investors".

He defended the government's determination to foment national industries and agriculture, even if that meant raising import duties.

Seeking to avoid yet another wild ride in Latin America

Argentina and Mexico may be partially insulated from Brazil, but fears of contagion are still strong, reports **Richard Lapper**

At times this week it has seemed as if Latin America is again poised to explode into a general financial crisis. A little more than six weeks after Brazil's decision to float the Real triggered financial turmoil in the region, Brazil's currency continues to fall, dropping to its lowest ever levels on Wednesday.

On the same day, Ecuador's currency, the sucre, lost more than 20 per cent, amid mounting concerns about the government's ability to manage a growing fiscal problem. Venezuela too faces difficulties. Its bond prices dropped on Wednesday on unfounded rumours that its finance minister was resigning.

"The short-term pressures are undoubtedly growing," said Walter Molano, economist at BCP Securities in Connecticut. "It is time to strap in for another wild ride."

Yet the picture is far from uniform. Indeed, there is mounting evidence that Mexico and Argentina, the continent's second and third biggest markets, are "decoupling" from Brazil.

Mexico's international bonds are now trading at average yields of 7.7 per cent less than those of Brazil, compared with a gap of 4.9 per cent at the end of the year and 1 per cent at the beginning of 1998.

That means investors now think that Mexico is considerably less risky than Brazil.

Similarly, Argentina's bonds now yield an average of 6.8 per cent less than Brazil's, compared with a gap of 5.2 per cent in December and 0.6 per cent a year earlier.

Both countries have already regained access to international capital markets and this week were joined by Colombia, which raised $500m in a bond issue.

Interest rates in the region also show signs of this trend. While Brazil's domestic interest rates were yesterday increased to 45 per cent, Mexico, Argentina, Chile and Colombia have all been able to reduce their short-term rates.

"The surprise is that interest rates are coming down this early. In previous periods when Latin America has had huge problems, to have eased so soon would have been incredible," says Neil Dougall, Latin American economist at Dresdner Kleinwort Benson in London.

Latin America watchers argue that the "financial contagion" stemming from the Brazilian devaluation has been less virulent than the market turmoil which followed the Russian debt default last year. International investors are less heavily leveraged than they were last summer, when they sold assets in one market to cover losses in another, triggering a broader slump in prices.

There are also signs investors may be beginning to treat Brazil and other countries running large fiscal deficits, such as Ecuador, differently from countries like Argentina and Mexico which have brought order to government finances.

Unlike Brazil, whose fiscal deficit rose to an estimated 8 per cent last year, Argentina and Mexico recorded estimated fiscal deficits of 1.2 per cent and 1.4 per cent of gross domestic product respectively. Chile's deficit was only 0.3 per cent. "You have the feeling that the reforms of the last seven years are starting to pay off," says Mr Dougall.But the improving part of Latin America still remains highly vulnerable to events in Brazil. Although financial contagion may be less, the sharp slowdown in the Brazilian economy is generating problems for its neighbours.

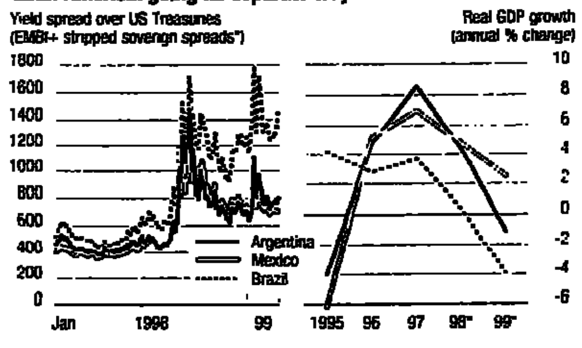
Argentina is widely expected to follow its neighbour and biggest trading partner into recession this year, partly because of the impact of the devaluation on industry and the government's unwillingness to modify its fixed exchange rate.

Although direct trade links between Brazil and other countries are not significant, the devaluation could have an impact indirectly by further depressing the prices of sugar and other commodities that Brazil produces.

Some observers say the reduction in interest rates has only been possible because of the heavy deflationary pressures within Latin American economies. Falls in rates have been accompanied by currency weakness in Chile and Colombia, for example, that in other circumstances might have proved inflationary.

Much of the recent stability remains fragile. Many economists worry events in Brazil could still spark a fresh bout of financial contagion in the region. A default on domestic debt is perhaps the biggest fear for investors and would have particularly far-reaching reverberations.

Latin America: going its separate ways?



Sources: JP Morgan; Consensus Economics

* Basis points; ** Forecasts

Inflation fight

Brazil's new central bank president, Arminio Fraga, said yesterday the bank's decision to raise its benchmark overnight rate to 45 per cent from today was intended to prevent inflation from returning amid a deep currency crisis, **Reuters reports from Brasilia.**

The bank also decided to scrap two rates which served as floor and ceiling of the benchmark rate.

Reno urges Colombia on drugs extradition

By Adam Thomson in Bogotá

Janet Reno, the US attorney general, yesterday left Colombia after a visit in which she pressed the country to go ahead with extraditions to the US for drug-related offences.

During her one-and-a-half day visit, Ms Reno formally requested extradition of five Colombians accused of drug trafficking. One of the accused is Jaime Orlando Lara, whose cartel supplies 80 per cent of all heroine entering the US.

The other four include Jorge Eliécer Asprilla, considered a key figure of the second incarnation of the infamous Cali drug cartel. The leaders of the original cartel are all serving prison sentences in Colombian jails.

"There are only two things which these criminals [drug traffickers] fear. The first is confiscation of their wealth... and the second is extradition," said Barry McCaffrey, the US "drugs tsar", in a recent interview with the current affairs magazine, Semana.

No Colombian national has been extradited to the US since 1991, when a constitutional reform outlawed it. Extradition was reinstated in December 1997 as ties between the US and Colombia improved with the departure of Ernesto Samper, Colombia's former president, whose campaign was allegedly financed by drug traffickers.

Colombia is now the world's largest producer of coca – the raw material in cocaine – and the continuing growth of illicit crops and drug trafficking has become a focus of concern for US authorities.

Ms Reno met her Colombian counterpart, Alfonso Gómez, to discuss furthering co-operation between the two countries in accordance with several pieces of legislation passed in 1997.

A week ago, the US government awarded Colombia full "certification" as a reliable partner in the war against drugs. Under the Samper government, the US de-certified the country for four years. Certification means Colombia's exporters no longer have to live with potential trade sanctions.

Colombia's multi-billion-dollar drugs trade, meanwhile, continues to flourish. The US State Department says the number of hectares of illegal crops grew by more than 25 per cent last year.

NEWS DIGEST

ANTITRUST HEARING

Microsoft breakup urged if it loses trial

Microsoft should be broken up if the software giant loses its monopoly trial, according to one of the software industry's largest trade groups.

The Software and Information Industry Association – which represents more than 1,300 companies including Microsoft – recommends that the court should give "the most careful attention" to restructuring the company to prevent further abuse of its monopoly power.

Microsoft insists it is premature to discuss a court-ordered breakup because it is confident that it will win the four-month-old trial, which is now in recess for at least six weeks. **Richard Wolffe, Washington**

HARRY A. BLACKMUN

Ruling set off abortion debate

Retired Supreme Court Justice Harry A. Blackmun, author of the 1973 decision that legalised abortion in the US, and set off one of the country's most explosive political debates, died yesterday at the age of 90.

Blackmun served 24 years on the nation's highest court after being appointed in 1970 by President Richard Nixon. He retired in 1994. But towering above all else in Blackmun's high court tenure was his role in the 1973 decision and subsequent abortion rulings.

His authorship of *Roe vs Wade* made him the most vilified Supreme Court member in history. He received more than 60,000 pieces of "hate mail" because of the decision. Blackmun insisted on reading all such mail. "I want to know what the people who wrote are thinking," he once said. **AP, Washington**

ABC INTERVIEW

70m watch Lewinsky

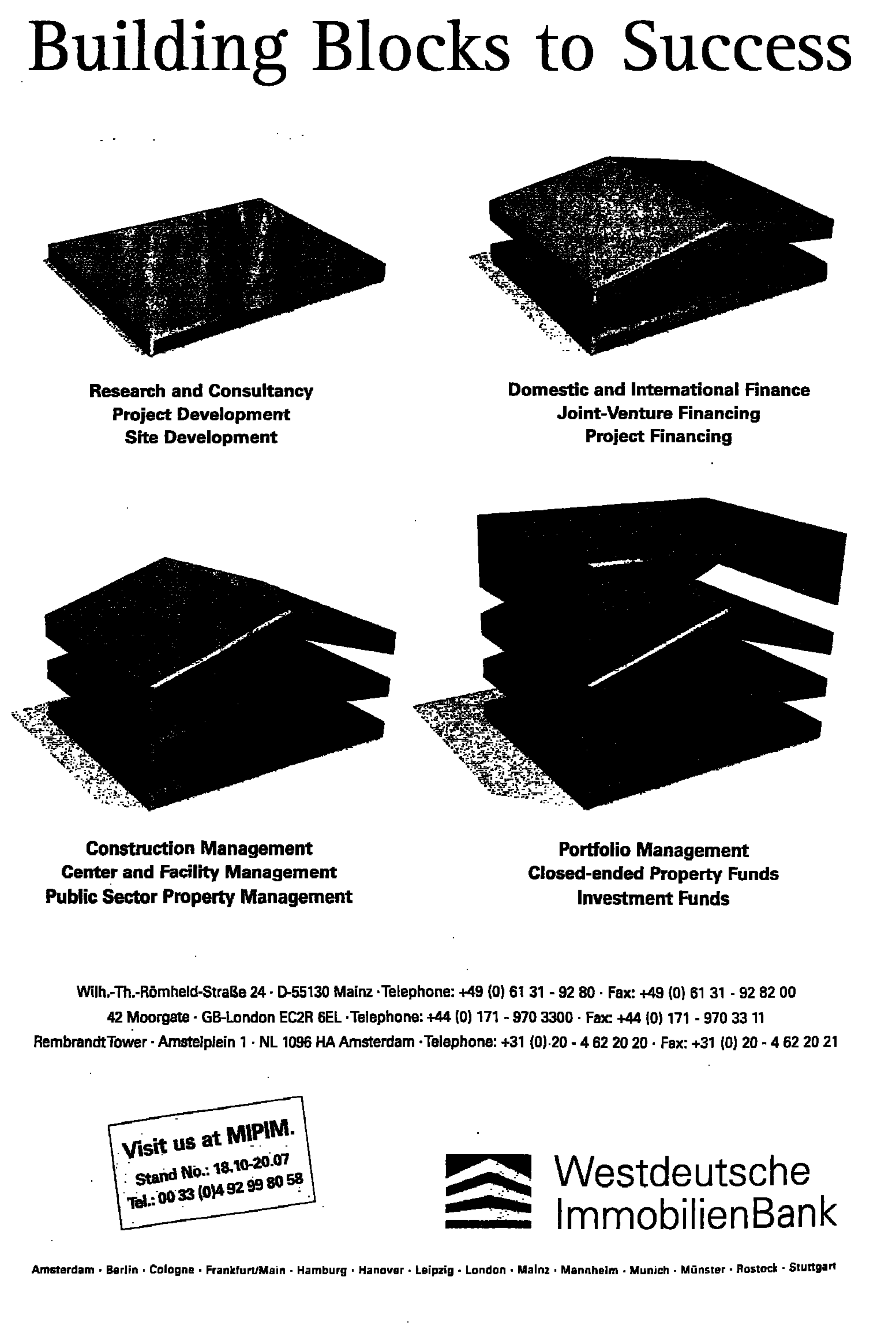
About 70m US viewers saw Monica Lewinsky's first media interview on the ABC network on Wednesday night, according to preliminary figures released yesterday.

Booksellers also reported the written account of her adventures, *Monica's Story*, was selling strongly on launch day as chain retailers offered discounts of 40 per cent on the $14.97 cover price.

The result was a commercial coup for ABC, a Walt Disney subsidiary, and stations broadcasting its programmes, which will use the figures in the formula for setting the prices of advertising time for the next two months. **Christopher Parkes, Los Angeles**

On the web today
- Feelings run high as US hemp ban angers farmers
- Why the Quebec separatist issue is losing its passion
- Factory order surge points to manufacturing rebound

http://www.ft.com/americas



Officials arrested over Chinese fraud scandal

By James Harding in Ningbo

Chinese investigators have uncovered a web of bribes and fraudulent financial deals involving dozens of top-ranking officials in the eastern city of Ningbo and funds estimated at roughly RMB2bn ($240m), an example of the pervasive corruption that is again threatening the government's credibility in China.

The case centres on a scam to get authorisation for illegal loans and then channel state funds into private hands, according to local officials. The scandal has prompted the arrest of the city's highest ranking official, the conviction of the vice-mayor, a suspended death sentence for the local central bank chief and the dismissal of more than 40 other government officials, financial officers and state enterprise executives.

The Ningbo scandal, one of the most extensive and costly examples of the widespread abuse of power among Chinese officials, underlines why corruption is expected to be one of the main themes at the annual session of the National People's Congress, China's parliament, when it opens in Beijing today.

Zhu Rongji, China's prime minister, was quoted by the state media recently warning of the "many problems to be faced in building a clean and honest government", listing extravagance, government waste, embezzlement and distortion of law.

China's Communist party, which faced its most serious challenge in 1989 in Tiananmen Square when public protests initially against rampant corruption escalated into mass pro-democracy demonstrations, has identified corruption as a serious threat to its authority. Mr Zhu is expected to renew the leadership's commitment to root out corrupt officials in his annual address to parliament today.

The former mayor of Beijing, Chen Xitong, was sentenced to 16 years in prison last year on corruption charges. Since then, a wave of government officers have been dismissed, arrested and imprisoned, including the former head of the anti-smuggling agency for smuggling in thousands of luxury cars and the former head of the anti-corruption bureau on charges of graft.

In Ningbo, the government has confirmed the investigation and announced the conviction of a handful of top-tier officials. But, it has kept secret the extent of a scandal that involves the systematic misappropriation of funds from government and state enterprises.

"It is one of the biggest corruption cases in the country," said one local banking industry official. "So many people have been arrested and so many officials replaced, I cannot keep track."

The case revolves around Wu Biao, who left the Ningbo branch to set up his own financial companies and then used his official connections and substantial bribes to dozens of officials to get approval for unlawful loans and deposits.

Mr Wu is understood to have amassed estimated assets of RMB2bn, most of which investigating officials fear will be irrecoverable.

Tentacles of corruption may threaten the state

James Harding and **James Kynge** find the party is taking officials' excesses seriously as public anger mounts

Wu Biao is an example of what you can do in China with a little guile and friends in the right places. With the help of well placed bribes and a network of connections, Mr Wu was able to spirit state funds into illegal companies with estimated assets of roughly RMB2bn ($240m).

The Ningbo scam, although large, appears to be anything but isolated. If official statistics are any guide, corruption at the core of China's government is weakening the systems by which Beijing keeps order among its 1.3bn subjects.

Chinese history is littered with examples of dynasties turned rotten by corrupt mandarins and regimes that lost the "mandate of heaven" through their inability to check official excess. The main Communist criticism of the vanquished Kuomintang in 1949 was its corruption.

Such lessons from history have taken on a special resonance this year. Official statistics show that by the end of last year, 158,000 Communist party members had been penalised by the party's Central Commission for Discipline Inspection. Over the last year, the government has found that the former head of the anti-smuggling bureau was a smuggler and the previous director of the anti-corruption office was corrupt.

As delegates to the annual session of the National People's Congress (NPC) meet in Beijing today, corruption is expected to be high on the leadership's agenda.

However, many officials believe the problem of corruption will require some sort of systemic change. The option of instituting a direct, participatory democracy to supervise the rule of law was dismissed last year by Li Peng, the chairman of the NPC. Nevertheless, China has decided to experiment in interesting ways to introduce more accountability and transparency.

Zeng Jianwei, spokesman for the NPC, said yesterday that the body would seek to improve its supervision of laws and – in a new departure – of individual legal cases.

A top NPC legal expert said that details of the new system were still being formulated, but would probably boil down to visits by NPC delegates and experts to courts at several levels to ensure that justice was being upheld. Abuses would be reported to the NPC's standing commission and an adjudication process would then be set in train.

"In China, there is no system of the three arms of government being independent of each other as in the west," said the legal expert. "But we can try to use the NPC, as the highest state body, to supervise the courts."

In Ningbo, the sweep of officials implicated in Mr Wu's scam exposes the more worrying problem of an officialdom willing to approve or, at least, overlook corrupt practices.

The former official at the Ningbo branch of the central bank used his government contacts and his alleged relationship with the son of the local party boss to secure loans and deposits in a business unit affiliated to the Ningbo International Trust and Investment Corporation (Nitic), which finance officials now say should never have been authorised.

Mr Wu is understood to have bribed the former director and senior officials at the Ningbo central bank branch to approve illegal loans and put pressure on local banks and finance companies to transfer state funds to his companies, the Nitic affiliate Jiangdong and the Jinying Group.

Sun Maoben, the former central bank head in Ningbo, has been convicted on charges of accepting bribes of RMB732,000 to grant uncollectible loans worth RMB180m. He was sentenced to death with a two-year reprieve. Another four senior central bank officials have been dismissed and are under investigation.

Those loans represented only a fraction of the funds gathered by Mr Wu – with the direct or tacit assistance of top-ranking members of the municipal government – and then channelled into "blind investments" and personal accounts through a convoluted web of investments in cash businesses all over the country, officials say.

Xu Yunhong, the party secretary and the top official in Ningbo, is being held pending charges. Vice-mayor Xie Jianbang is understood to have been convicted on corruption charges. More than 40 other people are still under investigation.

Mr Wu's companies are thought to have collected assets of roughly RMB2bn, most of which is going to be impossible to retrieve, say the officials who have been moved in to Ningbo to replace those swept away in the crackdown.

Public outrage at the prevalence of such cases is running high.

Liang Xiaosheng, a prominent author who champions the plight of China's working class, yesterday articulated the feelings of millions of ordinary Chinese: "The honest truth is that in China some people can become very rich through dishonesty." But, those who chose an upright path, he said, "would be doing well to keep themselves fed and warm".

HONG KONG DANGER OF RENEWED SPECULATIVE DISRUPTION OF ASIAN MARKETS

Tsang sees hedge fund menace

By Rahul Jacob and Peter Montagnon in Hong Kong

Donald Tsang, Hong Kong's financial secretary, warned yesterday that hedge fund speculators could return to disrupt Asian markets if reforms to the global system were not speeded up.

"Something needs to be done. The discussion of the so-called financial architecture is not progressing fast enough. There is quite a possibility that these hedge funds could regroup and set foot in Asia again," he said.

Hong Kong, whose currency came under fierce speculative attack at the height of the crisis last summer, has long been in favour of closer regulation of hedge funds. Mr Tsang's warning, in an FT interview, indicates that concern about the crisis remains strong even though financial markets are now much calmer.

Mr Tsang also called for the Asian Development Bank to play a much wider role in the aftermath of the Asian financial crisis, notably by expediting proposals to allow its guarantee to be used to back the issue of bonds by countries facing balance of payments problems.

"I want them to issue paper to meet the balance of payments difficulties in various countries in distress in the region. The ADB might have difficulty doing that because it is not in their charter. They should amend the charter," he said.

Asia's fragile recovery could be derailed by a number of factors, including a steep drop in the US stock market, more problems in Brazil, or continuing recession in Japan, he said. "There are so many things that I am worried about that when I articulate them I sink into despair," he said. But he stuck by his 3.5 per cent medium term annual growth projection for Hong Kong which many brokers regard as optimistic.

The announcement in Wednesday's budget of the government's decision to promote a theme park and cyber port did not indicate that Hong Kong was abandoning its laissez-faire policy, he added. "Governments do spend public money to promote tourism. We have not departed from our past."

Mr Tsang also said Hong Kong was willing to allow the theme park proposal to fall through if it could not reach a satisfactory agreement with Walt Disney on land subsidies and other incentives. Eager expectation in Hong Kong had not tied the government's hands. "There is clearly a bottom line in our negotiations with Disney. We also have a reputation for driving hard bargains."

See Editorial Comment

A student screams during arrest by soldiers and police in clashes in Jakarta yesterday Reuters

Many parties to stand in Indonesian election

By Sander Thoenes in Jakarta

Indonesia's three established political parties may face competition from up to 45 new parties in the elections in June, after a selection process that weeded out another 58 applicants.

The Home Affairs Ministry is expected to follow the recommendation yesterday by a selection committee of 11 respected public figures that all major contenders be allowed to participate in the general elections on June 7.

Analysts and opposition leaders are slowly becoming convinced that Indonesia may see the first free elections since 1955, based on new political laws adopted in January that mark a radical break with past practices. The government had planned to limit the number of parties to avoid confusing voters, but parliament opted to lower the standards for registration to pre-empt accusations of being undemocratic.

"The next elections will be much fairer," said Amien Rais, one of the more prominent opposition leaders. "And the people now have the courage to hold dissenting views from the government."

Many Indonesians still suspect that Golkar, the government party set up by former President Suharto which dominates the current parliament, may yet use its old network among bureaucrats and the military to influence the vote.

A wave of riots has also bred fear of widespread campaign violence, in part because of the large number of parties and in part because Suharto loyalists are presumed to be intent on sabotaging the vote.

But Geoff Forrester, a political analyst based in Jakarta, said a tour of the main island of Java had convinced him that three of the opposition parties would do well in a fair vote and, in doing so, ease a lot of the tension currently gripping Indonesia.

"They have been campaigning for months and the campaign has largely been peaceful," he added.

Albright offers arms aid for E Timor rights respect

By Sander Thoenes in Jakarta

Madeleine Albright, US secretary of state, is expected today to offer a resumption of US military aid to Indonesia if the armed forces halt human rights abuses in East Timor and other parts of the archipelago, diplomats said.

The US embassy confirmed that Mrs Albright, who arrived last night, had requested a rather unusual one-hour interview with General Wiranto, commander of the armed forces, in addition to her meetings with President B.J. Habibie, the Timorese rebel leader Xanana Gusmao and several opposition leaders. The timing and content of the talks were not revealed.

Mr Gusmao called on the US this week to cut off all training, weapons and ammunition sales to Indonesia and to push Gen Wiranto to withdraw military intelligence officers – whom he blames for setting up paramilitary groups – from East Timor. The paramilitary groups have clashed with pro-independence groups, sparking fears of civil war.

Dewi Fortuna Anwar, Mr Habibie's foreign policy adviser and *de facto* spokeswoman, said yesterday Indonesia would not agree to a referendum in East Timor on independence but could accept an indirect vote by an assembly of Timorese delegates.

"The president has been quite firm about the horrendous implications of a referendum," she told the Financial Times, dismissing reports that Mr Habibie had changed his mind. "It is not considered practical. The whole of [the military] would have to be withdrawn, peacekeeping troops would be needed, and international observers."

Instead, she added, Indonesia was considering proposals to allow East Timorese villages to send delegates to an assembly which could negotiate with Jakarta and then vote on the issue.

"A two-tiered election process may be one option, but we don't want to get ahead of the talks in New York," she added. Ms Anwar was referring to a meeting between diplomats from Indonesia and Portugal at the United Nations next week that may deliver a breakthrough agreement on a transition to autonomy or, more likely, independence.

Mr Habibie has sprung surprises on his staff before, however, saying in January that Indonesia would pull out of East Timor if his earlier offer of autonomy was rejected. His foreign minister and other officials had for months insisted only autonomy was an option.

NEWS DIGEST

CASH-STRAPPED MILITARY

US offers used fighters for sale to Thailand

The US is offering to sell used F-16 jet fighters to Thailand, Madeleine Albright, secretary of state, said yesterday. The fighters are seen as a replacement for the squadron of more advanced F-18s that Thailand ordered and then declined to take delivery of after the country's economic crisis hit nearly two years ago.

Talks on the proposed sale were at an early stage, Mrs Albright said. Officials said defence officials from both sides would begin to work out the number of jet fighters to be sold, prices and payment terms and technical specifications including whether the aircraft would be equipped to carry advanced Amram missiles which the US has so far declined to introduce into south-east Asia. Delivery of the aircraft, if they are indeed ever bought, is likely to take some time as Thailand's military is so cash-strapped that most of its F-14 jet fighters are grounded for lack of a budget to fund training missions.

In March of last year Thailand lost a $75m deposit it had made on eight new F-18s but the US waived a $250m cancellation fee. The Thai army recently bought used transport trucks from the US. **Ted Bardacke, Bangkok**

AUSTRALIAN INQUIRY

Media laws to be reviewed

The Australian government has ordered a review of broadcasting laws that will re-open debate about the country's controversial cross-media and foreign ownership rules. Mr Peter Costello, federal treasurer, has asked the Productivity Commission to conduct the inquiry to ensure there is adequate competition among the country's television and radio groups.

He has tried to play down the significance of the review, saying it "does not signal any change to the government's media policies, including those regarding cross-media ownership and Australia's digital transmission". However, the inquiry will again put the spotlight on the ambitions of media proprietors Kerry Packer and Rupert Murdoch, who want changes to the media rules. The rules prevent Mr Packer, who controls media group Publishing & Broadcasting, from seeking control of the John Fairfax media empire and block Mr Murdoch, who runs News Corp, acquiring a television network. **Russell Baker, Sydney**

THAI ECONOMY

Debt auction postponed

The Thai state agency in charge of liquidating insolvent finance companies announced yesterday a March 10 auction of assets would be postponed to allow bidders more time to assess the offerings.

The auction, rescheduled for March 19 and to be held by the Financial Sector Restructuring Authority (FRA), should be the last one of big business loans, although many other assets remain unsold. Loans worth Bt227bn ($6bn) will be on offer.

At the first such auction in December, bids were significantly lower than government expectations. **AP, Bangkok**

There's more to going global than just sticking "international" at the end of your name.

To find out how much more, come and listen to Jonathan Sumner from Hilton International at the March 16th IAA Business Luncheon. If your company needs to globalise it's brands, Sumner's experiences in globalising the Alliance will make invaluable listening.

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Defending the freedom to advertise

Japanese banks spurn rate cut

By Gillian Tett in Tokyo

Japanese banks are resisting demands to lower their deposit and lending rates in the wake of recent, unprecedented easing by the Bank of Japan. They have told the bank that they do not plan to reduce their own lending rate, now running at around 1.5 per cent, because this could hurt their profits.

The stance has irritated some government officials, who warn that it could undermine the impact of the monetary easing. In particular, economists fear that unless the lower interest rates are passed on to customers, the record low interest rates will not boost growth in the real economy.

However, the banks could come under renewed pressure to take action in the coming days, particularly since the government is poised to inject up to Y7,450bn ($61bn) worth of public funds into the banks. And the stance of the Bank of Tokyo-Mitsubishi (BTM) will be particularly watched, since the bank is traditionally considered an industry leader.

BTM said it would be "closely looking at the market". But it pointed out that since the deposit interest rate had not been lowered, its funding costs "have not yet changed". This deposit rate runs at around 0.1 per cent for commercial banks.

The Bank of Japan yesterday maintained its massive liquidity injections, supplying the markets with a Y1,800bn surplus for the third day in a row. This pushed the call market rate – or the market overnight rate – down to 0.01 per cent during the day's trading, and left the average running at 0.3 per cent for the day, compared with 0.04 per cent previously. Since brokerage commissions are 0.02 per cent, this implies that interest rates have become slightly negative.

This dramatic step has reduced liquidity in the markets in recent days, with total turnover in the call money market falling to around Y30,000bn, some Y4,000bn lower than the level last week. However, it has sharply boosted long-term bond prices, since investors are now switching their funds into long-term instruments.

Some government officials are pressing the Bank of Japan to extend its monetary easing and take steps to reduce interest rates in the three month money markets.

The bank has not yet decided whether to take this action. However, on a separate note, its policy board decided on Wednesday it would agree to extend some loans to the Deposit Insurance Corporation (DIC), the body that is funding banking reform, to pay for the Y7,450bn capital injection.

But its policy board also insisted that these loans would be made only for a limited period, with a "clear exit point", as one official says.

It also agreed that any loans should occur only if the DIC raised a large part of the capital injection funds from the market as well, either in the form of bond issues or direct loans.

Hanoi tries to attract tourists

Hanoi plans to develop a pedestrian mall and restore an old electric tram as part of a campaign to revive the dwindling tourist trade, AP reports.

A tourism department official said a 13-point programme is being worked out to persuade visitors, both foreign and domestic, to stay longer in the city. The current average stay for foreigners is three days.

In addition to the tram on one street in Hanoi's Old Quarter and a street where the city's chaotic traffic would be banned, the plans call for establishment of a street of restaurants serving traditional dishes.

The falling number of visitors and a hotel construction boom have led to a glut of rooms. Luxury hotel occupancy rates dropped to 30 to 40 per cent last year.

Last year, the country had 1.52m foreign arrivals – down from 1.6m in 1997 – and 9.6m local tourists.

FOREIGN EXCHANGE BUSINESS WARNS THAT RECENT RATE CUTS HAVE FAILED TO EASE EXPORT PRESSURES ON MANUFACTURERS

Sterling 'still too high for UK industry'

By Christopher Adams and Alan Beattie

The Confederation of British Industry, the main UK employers' lobby, has warned that sterling's renewed strength could have devastating effects on the manufacturing sector.

The CBI said the currency's resilience could prolong the UK economic slowdown by forcing producers dependent on global markets to cut output further.

It is concerned at the failure of aggressive monetary easing to push the pound lower. Instead, the exchange rate has risen to above where it was in October, when the Bank of England – the UK central bank – began cutting interest rates.

Adair Turner, the CBI director-general, told the *Financial Times*: "Sterling is surprisingly high. With the rate cuts that have occurred, we would have anticipated seeing the pound 5 to 10 per cent below where it is now. If the pound had drifted down more, you would have more confidence in a soft landing."

A fall in the value of sterling was desirable because it would help struggling UK manufacturers recover lost market share overseas, he said.

Mr Turner said British business wanted to see sterling fall to about DM2.60 or £0.75 against the euro, the new single European currency. If the pound stays at current levels, the pause in economic growth anticipated by the CBI could be much more prolonged.

The pound has shown itself remarkably resilient to the stream of interest rate cuts. On a trade-weighted basis, it has steadfastly refused to fall since the beginning of October. It has slipped against the resurgent dollar but that has been outweighed by a strengthening against European currencies.

This solidity has been surprising because UK interest rates over that time have turned out to be lower than the market expected.

Analysts say increased expectations of joining European monetary union may be one factor which has held sterling up. Most expect it to join at around £0.74 against the euro, equivalent to DM2.65, if the decision is made.

At present, it is trading at about DM2.90 or £0.67 against the euro. With UK rates higher than those in the euro-zone, the pound will probably stay above £0.74 for now.

The CBI feels this week's decision by the Bank to keep interest rates on hold was disappointing, and that additional monetary easing was needed to lower the exchange rate and restore UK competitiveness.

The Bank itself has been surprised by sterling's strength. Its latest quarterly inflation report in February said the pound was little changed since the previous report, when it had expected a fall.

Leading industrialist backs Blair campaign for entrepreneurial Europe

Tony Blair's call for the European Union to learn from the dynamic and deregulated economy of the US was backed last night by Sir Clive Thompson, president of the Confederation of British Industry, **Kevin Brown writes.** "The future of Europe is up for grabs, and the UK must be involved in the decisions that shape it," he told the Institute of Chemical Engineers. "Only through being involved can we get what we want and need – a dynamic Europe with a growing, lightly regulated economy." Sir Clive, also chief executive of Rentokil Initial, has long been seen as one of the most pro-European of the UK's senior businessman. The CBI, the biggest employers' lobby, is in favour of entering Emu only if the circumstances are favourable. Other organisations, including the Institute of Directors, are opposed to entry. Sir Clive said Europe had three possible futures: entrepreneurial – lightly regulated and competitive; less dynamic – with an emphasis on social cohesion, with trade protection and much social legislation; and a patchwork of countries with barriers between them.

PUBLIC HEALTH DEADLY BACTERIA AFFECT 25 PEOPLE

Food poisoning outbreak re-ignites nation's fears

By Deborah Hargreaves in London

An outbreak of food poisoning has led to further doubts about food production in a nation already losing faith with farmers and government over the BSE scandal.

British consumers questioned factory farming methods and the integrity of politicians following the 15-year crisis over bovine spongiform encephalitis – or mad cow disease – which still means most British beef cannot be exported. At the peak of the epidemic in 1992, 36,681 cattle were infected out of a national herd of 11m.

The recent outbreak of e.coli food poisoning in the north of England has affected 25 people – most of them children – 11 of whom went to hospital.

The strain has been identified as e.coli O157 – the same one that killed 20 people in Scotland in 1996. That outbreak was traced to contaminated meat from a butcher's shop that was subsequently closed down.

Health officials said yesterday they believed they had traced the recent outbreak to a farm and milk pasteurisation plant in north-west England, although they could not be sure it was the only source. Environmental health officers seized milk from the farm on Tuesday after it emerged that all the infected patients had received milk deliveries from there. A prohibition order, halting further pasteurisation at the plant, was served on the same day. It was too early to say precisely how the infection had entered the milk, officials said.

Billions of harmless e.coli bacteria live in the human gut. But the O157 strain produces a powerful toxin that causes bloody diarrhoea and, in some cases, kidney failure and death.

The number of food poisoning cases caused by O157 has risen rapidly in all industrialised countries since 1982, when the strain was first identified. The Centres for Disease Control estimate that there are 10,000 to 20,000 cases a year in the US; the confirmed total last year in England and Wales was 908, according to the Public Health Laboratory Service.

Health officials say the rise in the number of cases is partly due to changes in eating habits: more people eat in restaurants and fast food outlets. Eating meat, especially ground beef, that has not been cooked sufficiently can cause infection.

Meat can also become contaminated during slaughter and bacteria present on the cow's udders or on equipment may get into raw milk.

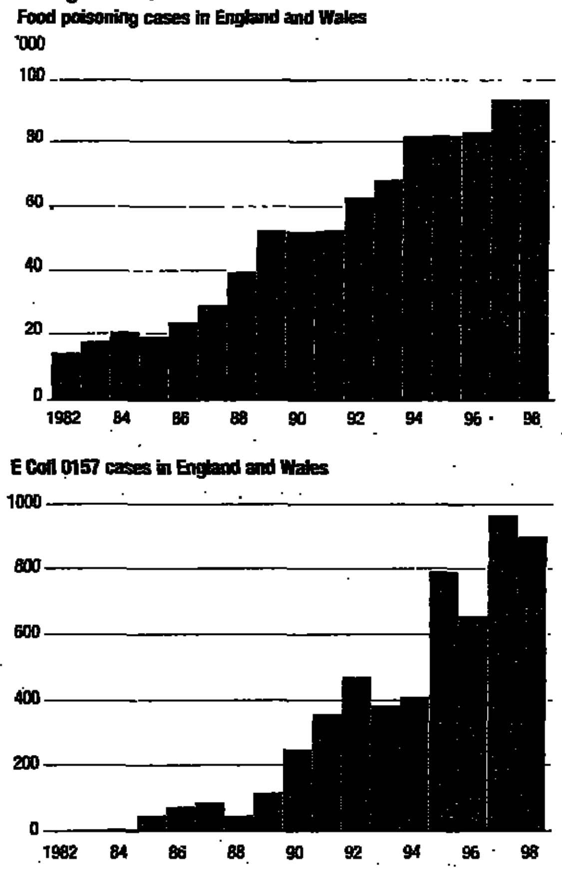
Recent research by the US Department of Agriculture suggested that the increasing frequency and virulence of O157 outbreaks is due partly to a change in the diet of cattle, from traditional hay to processed feed.

Environmental campaigners say modern intensive farming methods are causing problems in the food chain. The massive BSE outbreak in Britain was partly caused by feeding ground bones from infected sheep and cattle to healthy cows.

Successive British governments insisted that BSE could not be transmitted to humans but in 1996 ministers announced a likely link between BSE and Creutzfeldt-Jakob disease, the human brain disease.

The UK government is setting up a food agency to police food safety and monitor standards of food preparation and storage in restaurants and shops.

Eating disorders



Source: Public Health Laboratory Services

Islands are urged to combat money laundering

By Andrew Parker, Political Correspondent

Some of the UK's last colonial outposts will later this month be instructed to take fresh action to combat money laundering.

The government will also ask some of the 13 territories, which represent the last remnants of the former British empire, to implement human rights legislation.

A UK government policy paper on the territories will make clear the UK retains the option of imposing legislation to improve human rights and the regulation of offshore financial services. However, Robin Cook, foreign secretary, is hoping the territories will implement the measures voluntarily through their assemblies.

The Caribbean territories, led by the Cayman islands and the British Virgin islands, have a significant financial services sector that in the past was blighted by money laundering. Steps have been taken to remedy the problem. The Cayman islands, which has no direct taxation, last year removed a fiscal exemption clause from its anti-money laundering legislation.

A UK government official said more legislation was needed in the territories to combat money laundering, regulate companies and secure co-operation with international financial services investigators. "Investors are more likely to put their money in jurisdictions which are clean, and are seen to be clean," the official said. "Many of the overseas territories have been pursuing this agenda already. But the financial services industry is not static."

Bermuda has yet to implement measures that will create tax offences as part of its anti-money laundering legislation. The Turks and Caicos islands have not completed legislation to regulate the formation of companies, and the British Virgin islands are behind with the auditing of government accounts.

The Foreign Office has a wider concern about the adequacy of financial services regulation in the territories. The House of Commons public accounts committee was told last year that the British Virgin islands derived 47 per cent of its revenue from the financial services sector, but only 3 per cent was spent regulating it.

The committee also heard that in the Turks and Caicos islands seven people were responsible for the supervising of almost 13,000 companies and banks.

Imports take 72% of car market in month

By John Griffiths in London

Imports are continuing to take an increasing share of the UK market for new cars, capturing 72.5 per cent in February compared with 67.7 per cent a year before and 71.7 per cent in the first two months, up from 67.3 per cent.

Although sales fell sharply because of an imminent change in licence plate prefixes, Fiat, Volkswagen and Peugeot all increased their shares of the declining market.

Car makers and dealers said yesterday they were not alarmed by a 52.6 per cent year-on-year plunge in new car registrations last month, insisting it was due to buyers waiting for the introduction of the T registration plate on March 1.

The T plate marks the introduction of a twice-yearly change of registration, in March and September, replacing the once-a-year change in August.

The motor trade and industry hope the system will produce a more even sales pattern through the year than the previous August "bulge", which typically accounted for a quarter of the year's total market and left dealers struggling to prepare and deliver to customers more than 500,000 cars within the month.

"We are expecting March to produce more than 300,000 registrations compared with 213,000 last year," said the Vauxhall offshoot of General Motors.

"Initial indications are that March will be a strong month, with total industry sales well up on last year," said Ian McAllister, chairman of market leader Ford.

The Society of Motor Manufacturers and Traders, disclosing statistics showing the extent of the drop, took a slightly more cautious line, saying it was "too early" to draw conclusions about the underlying health of the market.

Last month's fall to 84,040 compares with 177,133 in the previous February – the highest figure for that month on record.

A potential worry is that total registrations for the first two months of this year, at 265,882, represent a shortfall of more than 140,000 units compared with the 409,188 in the first two months of last year.

The top 10 best selling new cars in the first two months of the year were: 1 Ford Fiesta, 14,416; 2 Vauxhall Astra, 12,072; 3 Volkswagen Golf, 11,340; 4 Ford Mondeo, 10,943; 5 Vauxhall Corsa, 10,907; 6 Vauxhall Vectra, 10,358; 7 Renault Clio, 9,447; 8 Ford Focus, 8,958; 9 Renault Megane, 8,291; and 10 Peugeot, 206 6,903.

No Rover model made the top 10. Rover is owned by BMW of Germany.

MILLENNIUM MINISTER INVITES BIDS TO PRESERVE CENTREPIECE OF CELEBRATIONS

For sale: one world-famous dome

By Brian Groom in London

The government yesterday invited more than 1,000 companies worldwide to bid for the £758m ($1.2bn) Millennium Dome after its year-long exhibition to greet the new century.

Property agents suggested a price of between £50m and £100m for the futuristic 74,250 sq m structure near the River Thames in south-east London.

Lord Falconer, the "dome minister", launched the competition to find a use that will preserve the dome for future generations. He suggested a commercial development, a tourist attraction and a "mixed use site, perhaps with some provision for sport".

Informal approaches have already come from two consortia seeking to build a film studio and theme park. A further two propose a conference and innovation centre.

A shortlist will be drawn up by November. Lord Falconer said there was no minimum price.

The package will include the dome, associated structures and its 20ha site. Up to 8ha of adjoining land is also available.

Ministers are reluctant to speculate about how much the sale could raise. Philip Marsden, investment partner at King Sturge, chartered surveyors, estimated the dome's value based on land prices, leisure or commercial use, and a premium for buying a world-famous building, which is difficult to quantify. "Anyone wanting to set up a Disney-type theme park there would have to spend another £25m-£30m converting it," he added.

That would be well below the £275m spent on building the dome and the £110m spent buying and cleaning up the surrounding land. Proceeds will be split between two government-appointed bodies – New Millennium Experience Company, which runs the dome, and English Partnerships, which owns the land and is handling the sale. The dome may not go to the highest bidder. "We want a fitting use which preserves its design integrity, in keeping with its role as a centrepiece of the millennium celebrations," Lord Falconer said.

Lord Falconer proposes a long future for the dome UPPA

NEWS DIGEST

IRISH PEACE ACCORD

Treaty to be signed on cross-border bodies

The British and Irish governments will sign a treaty in the next few days establishing six cross-border bodies to implement policy between Northern Ireland and the Irish Republic. They will pave the way for the transfer of powers later this month. David Trimble, Northern Ireland first minister and leader of the Ulster Unionists, the biggest pro-British party in the region, and Bertie Ahern, the Irish prime minister, discussed a final draft during talks in Dublin yesterday.

Agreement would allow Mo Mowlam, chief Northern Ireland minister in the UK government, to appoint the 10-member power sharing executive to take over running Northern Ireland from London. But early movement is unlikely without a resolution of the arms dispute. The Ulster Unionists are refusing to sit in a regional government with Sinn Féin until the Irish Republican Army, its military wing, starts to disarm.

Ms Mowlam has already indicated the parties are likely to miss next week's March 10 target for the transfer of powers.

An Irish government spokesman yesterday played down expectations of a breakthrough in Washington the following week when party leaders will be at the White House for the St Patrick's Day celebrations. **John Murray Brown, Dublin**

COMPUTER DATE PROBLEM

Half of businesses 'unprepared'

More than half of British businesses will not have their computers prepared for the millennium bomb – caused by the inability of older systems to recognise the turn of the century – the government's Action 2000 watchdog said yesterday. The news prompted Tony Blair, the prime minister, to warn: "Time has very nearly run out for the firms that are behind. One in 10 companies interviewed by Action 2000 have already suffered disruption caused by 'the bug'." Action 2000, set up to promote awareness of the millennium computer problem, said 40 per cent of small-to-medium businesses would not be ready by January 1. Only a third of very small companies – those with less than 10 employees – was on course to meet the deadline. Gwynneth Flowers, head of Action 2000, said: "Many businesses said they would be ready by the end of 1998 and we expected to be able to report far more positive progress today. I'm surprised and disappointed that we can't." **Christopher Price, London**

SOUTH-EAST ENGLAND

'Innovation hub' planned

Up to 20 "innovation hubs" are set to be created in south-east England as part of a strategy to turn the region into one of the world's most economically successful within a decade. They will be built around universities and colleges and aimed at creating a new generation of spin-off companies from academic research. At their heart will be small enterprise centres providing space for up to a year for budding entrepreneurs to develop ideas before they create businesses in incubator units, science parks and factories. The plan is being promoted by Allan Willett, chairman-designate of South East England Development Agency, one of eight English regional development agencies to be created next month. Mr Willett, an entrepreneur who created his own international company making coding and labelling equipment, believes the south-east – a £100bn ($160bn) regional economy, the 10th largest in Europe – lags behind the US in innovation. **Brian Groom, London**

GOVERNMENT DOCUMENTS

EU work guide to be rewritten

Stephen Byers, chief trade and industry minister, has ordered a rewrite of his department's guide to the EU working time regulations after complaints from UK businesses about mistakes, omissions and misleading entries. The guide has already been quietly reprinted once since it was launched in September. Mr Byers is said to be fuming about the first two versions, which were drawn up before he was posted to the department. Business observers say the 74-page working time guidance is replete with inaccuracies and omissions.

The department has inserted erratum slips in some copies, but has not warned businesses with earlier copies that they contain errors. Ian Peters, deputy director general of the British Chambers of Commerce, said it was "unacceptable for business to be given a few weeks to familiarise themselves with a set of new regulations and ensure that they are abiding by them". The second edition of the guidance corrects several serious errors, including the wrong formula for calculating average hours of night work, two different formulae for working out compliance with the 48 hour week and an arithmetical error in an example of night work calculation. **Kevin Brown, London**

COLLABORATIVE FRIGATE

Meeting planned with partners

George Robertson, chief defence minister, plans a meeting this month with his French and Italian counterparts to settle the fate of the troubled £8bn ($12.8bn) Horizon frigate project.

The three governments set an end-February deadline for an international industry consortium to produce new proposals for managing the project, which has been dogged by disagreements over design and work-share. The UK and French ministries of defence said yesterday they were studying the new industry plans.

Britain has indicated it will pull out of the collaborative project and seek a national solution if agreement cannot be reached on the ships, though it would still want to arm them with a missile system developed with France and Italy. **Alexander Nicoll, London**

Nation's 'opt-out' from global accounting standards faces review

Following the launch of the euro there is a growing view that a common approach needs to be hammered out. **Jim Kelly** reports

It has always been thought that the project to give the world a single financial language would depend on the powerful verdict of the US Securities and Exchange Commission. Now it looks as if Brussels, or even London, will play an important role.

The core package of international standards has been drawn up by the International Accounting Standards Committee, led by Sir Bryan Carsberg. The International Organisation of Securities Commissions, the club of world stock market regulators, will review the package this year.

When the project began to give companies a common financial "passport", the SEC's endorsement was seen as the pot of gold at the end of the rainbow. With it would come access to the US markets. Only Canada would remain – and it would surely follow the US. Japan, the other great prize, appears to be falling by instalments.

The anomaly was London. The stock market there had accepted international standards for decades. But domestic companies were not allowed to follow the new code – they had to follow UK Gaap (Generally Accepted Accounting Principles) as laid down by the Accounting Standards Board, led by Sir David Tweedie.

It looked like this anomaly was going to survive global harmonisation. UK Gaap would eventually come into line, though some years down the line. At the international level, the UK would push for harmonisation and help write IASs. At home, companies would be able to opt out of key IASs.

But two events conspired to put this presumption under strain: the Asian financial crises and the introduction of the euro.

When the leaders of the Group of Seven leading industrial nations met to consider ways of preventing similar crises in the future the consensus was for stiffening global disclosure and transparency.

Gordon Brown, UK chancellor of the exchequer, was happy to put his name to documents calling for global harmonisation of financial reporting under the IAS code.

This left the Treasury contemplating the UK's odd position. The tussle between the Treasury and the UK's Accounting Standards Board over public sector accounting cannot have helped. Geoffrey Robinson, then a senior Treasury minister, said "Professor Tweedie" would not be allowed to stand in the way of the government's plans.

The ideal opportunity to begin this debate has arrived. The Department of Trade and Industry's company law review steering group last week published its first 200-page consultation document. Earlier drafts asked: Should the law "require or permit" UK companies to report using IAS? The final report omitted the question but opened the issue for debate.

It also gave a defence of the ASB and UK Gaap – protecting shareholders from creative accounting, giving the UK a powerful voice at the global level and preserving one financial reporting code for all companies. All three, it was implied, were under threat from IAS.

But should the DTI talk to the Treasury? Certainly there is a growing view that a common approach needs to be hammered out. Speed is important because introduction of the euro has galvanised participating states to consider the regulation of a single EU financial services market.

This option – to "oblige" EU-listed companies to follow IAS while the rest follow the directive and local standards – appears to have caused no consternation at the meeting.

EU harmonisation chimes with two wider trends – the acceleration of monetary integration and the G7's efforts to set up a common financial language for listed companies. Could eventual UK membership of the euro-zone depend on adopting IASs?

Brussels is a long way from seeing its preferred option adopted by the Council of Ministers. But politics often sweeps well-intentioned technical debate aside. The ASB has allies within the EU, other standard-setters, for example, who do not share the Commission's ambitions. The way ahead is uncertain – as is the UK government's position.

But Europe is where the future of IASs will be played out.

RICHARD DONKIN

Happiness at work

A long-running study reveals some surprises about job satisfaction

Who are the happiest people at work? Could it be you? Not if you are middle-aged, have a university degree, work for a big company and are going through the motions in a job you have been doing for years, according to the latest results of a long-running study of workers in the UK.

The study, by Andrew Oswald and Jonathan Gardener at the University of Warwick, covers a random sample of some 7,000 mainly white-collar workers carried out annually since 1991. Although the research is UK-based, the team has made similar findings in other countries.

Overall it found that job satisfaction was lowest among certain groups: those in big companies who had held the same job for some time, university graduates, and the middle-aged.

The idea that people with university degrees should be unhappy at work seems the most preposterous suggestion, until you begin to look for possible reasons. Prof Oswald believes it may have something to do with elevated aspirations and personal comparisons among graduates. It does not matter that they may be doing fairly well in their careers if they perceive that they are doing less well as others in their academic peer group.

"It's fascinating to discover that the most satisfied workers are those lower down the occupational hierarchy," says Prof Oswald. Another finding that seems superficially surprising is that public-sector workers – often portrayed as staid or dispirited – are happier in their jobs than private-sector workers, although their job satisfaction has declined in recent years.

'Many public sector workers think that their work is valued'

"We have found that when people move from private sector to public sector jobs their job satisfaction jumps up," says Prof Oswald. "I think that many public sector workers automatically think that what they are doing is valued. Maybe it's harder to do that if you're selling advertising."

A graph of job satisfaction over the lifetime of the average worker tends to have a distinct U-shape, with a trough during the early 40s. This probably reflects a realisation among many that early ambitions are not going to be realised. This triggers a mid-life crisis before people come to terms with reality and find other outlets for their abilities.

The study, which included controls for such things as long hours, a recognised source of dissatisfaction, also found a strong relationship between pay and job satisfaction, as might be expected.

But some might dispute another finding: that this is also true of performance-related pay. Not only that, but Prof Oswald says the research suggests that incentive pay can create a lasting effect. "We don't understand the mechanism and we don't know that it improves performance or profitability but the results are suggestive that there may be such links," he says.

Supervisors are happier than the supervised – no shocks there – and another unsurprising finding, given the male preoccupation with posturing and politics, is that women are happier in their jobs than men.

The happiest group of workers, in spite of their often long hours, in pursuit of success, are the self-employed. Those in big companies also feel less satisfied than people in smaller workplaces. "It appears that people have a preference for smallness," says Prof Oswald.

The freedom of self-employed people to work when they want and how they want could be a big factor in job satisfaction. Workplace freedom showed up strongly in an unassuming little question asked by the researchers. They were curious to know whether people had the right to move their desk. Those who did rated their freedom to do so very highly.

Some of the findings are supported by a new study of employee satisfaction undertaken on behalf of Investors In People (IIP), the UK training and development standard. Half of the 600 people surveyed worked for IIP-accredited employers. Half of the sample worked for employers with more than 200 people and half worked for small employers with fewer than 50 people.

The study left little doubt about the effectiveness of IIP on employee morale. Some 94 per cent of workers in IIP-accredited organisations said they liked their jobs, compared with 37 per cent in other companies.

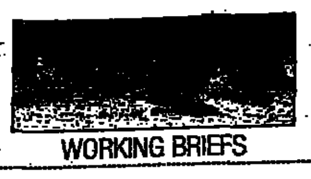
"A third of the UK working population is now engaged with IIP organisations, and businesses are starting to get the message across to other businesses about its benefits," says Ruth Spellman, chief executive of IIP.

"It's not just about training and development. We know from previous research that it affects the whole performance of the company."

If some of the Warwick findings seem gloomy for big companies, it should be noted that, overall, most workers seem happy in their jobs. Some 80 per cent of the Warwick sample, a finding consistent with the IIP study, put themselves into the top two categories of happiness offered by the researchers.

But when it comes to real happiness, the worker's Utopia would appear to be a publicly funded start-up operation in the garden shed.

Earlier findings from the Warwick study can be found on Prof Oswald's web site: www.warwick.ac.uk/fac/soc/Economics/person/oswald.htm
IIP report details: Jo Selby, 0800 917 9290 (UK only), +44 171 584 0122 (from overseas)
richard.donkin@ft.com



WORKING BRIEFS

Share options four times base salaries of US bosses – survey

The average US chief executive received four times his or her base salary in share options last year, according to the 1998 Executive Total Compensation Survey, produced jointly by Arthur Andersen's Human Capital Service practice and the Financial Executives Institute.

The survey, among the institute's 234 member companies, found that the base salaries of top executives increased by 4.2 per cent last year compared with 9.6 per cent in 1997. This appears to confirm the increasing importance of share options in US executive salaries.

The average base salary of a US chief executive in 1998 was $363,000, an increase of 8.2 per cent on the previous year. For those running companies with revenues of between $1bn and $10bn, the top quartile had salaries, including base pay and annual bonus but excluding the often much greater benefits from share options, of $1.2m.

The range of perks available to top executives in the US is also revealing. Nearly a third of them are provided with country club membership, a fifth get health club membership and nearly a fifth get help with their tax planning.
Details: the report costs $550, tel: 001 941 373 2020

Power books

Orion Publishing has launched a series of books called Career Powertools that it says are aimed at "highly motivated individuals" who want to build better careers. But the books will probably have more appeal to those desperate souls who are either out of work or whose careers are going nowhere.

The pocket-sized books, costing £9.99 ($16) each, are bright yellow, have alluring titles – the first three are titled *Plan Your Career*, *Powerful Networking* and *Job Seeking* – and offer "20 golden rules", some of which border on the pathetic.

Rule 12 in the networking book says "make yourself an interesting conversationalist" and rule 16 is "get out more". Successful job seekers, you may be startled to discover, "know where to look for suitable vacancies". More books are promised soon, including one called *Get Headhunted*.
Details: +44 171 520 4429

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- Lending authority and the ability to exercise sound credit judgement.
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Currently, you will probably be in a senior credit role with an investment or international bank, with a proactive approach to transaction approval. For the right candidate, this represents an excellent opportunity to bring your skills to a market leader. An attractive salary package will be offered entirely reflecting your experience. Interested candidates should contact Tim Smith on 0171 269 1870, or write to him enclosing a full curriculum vitae at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. Please quote reference 491806. e-mail: timsmith@michaelpage.com

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aerfi

Founded in Shannon in 1975, **AerFi** is a leading aircraft leasing company with 63 aircraft leased to airlines throughout the world. AerFi's core business is the leasing and financing of commercial jet aircraft and the provision of a broad range of aircraft financing and related management services to both airlines and third party investors. AerFi has developed significant expertise in the application of asset backed financing techniques to aircraft on operating leases. To assist in the continued growth and development of this successful business, AerFi wishes to make the following senior management appointments.

VICE-PRESIDENT - MARKETING

As part of a world-wide marketing effort, you will be responsible for identifying potential business opportunities with airlines and other industry participants. Immediate activities will focus on the development of the company's existing business, through the identification of aircraft acquisition opportunities, the placing of these aircraft with lessees, sale and lease back transactions and other potential growth areas. Responsibility will extend to include the existing fleet when outsourcing arrangements terminate in 2001.

The successful candidate will be a marketing professional with at least five years' quality experience in a competitive marketing environment. Candidates must be capable of demonstrating a proven track record of achievement in negotiating and concluding transactions. A strong grasp of the financial aspects of sales and lease transactions is required. Knowledge of aircraft leasing and finance though desirable is not essential. Ref: 5654 F

VICE-PRESIDENT - TECHNICAL

This position is responsible for managing the technical status and regulatory compliance of all additions to the AerFi fleet. The individual will provide expert technical advice throughout the Group in support of marketing, acquisition and sales strategies. Responsibility for the existing fleet will commence with the termination of outsourcing arrangements in 2001.

The successful candidate will have at least five years' relevant technical management experience in an airline, maintenance and/or aircraft lessor environment. A relevant third level qualification is desirable. Ref: 5655 F

Based at AerFi's Shannon headquarters in the West of Ireland, these positions will involve extensive international travel. They represent excellent opportunities for people with entrepreneurial flair, wishing to pursue a career with a successful, international organisation.

Please send full career and salary details, including a daytime telephone number and quoting relevant reference number to:

Alison Taylor, KPMG Consulting, 1 Stokes Place, St. Stephen's Green, Dublin 2. Fax: +353 1 7081880 E-mail: alison.taylor@kpmg.ie
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This is an exciting opportunity for a commercially astute Chartered Accountant or a candidate who has already obtained some corporate finance experience and is interested in furthering his or her career by joining Europe's leading venture capital company.

You will be able to demonstrate:
- Strong academic background, with a 2:1 degree or better from a leading university.
- Ability to liaise with entrepreneurial clients at a senior level.
- Strong analytical, technical and communication skills.
- Initiative, creativity and maturity.

Interested candidates should contact Arabella Pack or Annabel Haywood at Michael Page City, 50 Cannon Street, London EC4N 6JJ, fax 0171 329 2986, telephone 0171 269 1867, quoting reference 491210.
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We provide an increasingly wide range of personal financial services throughout our branches and sales-force, as well as through telephone and electronic channels. Our savings and mortgages business is complemented by general and life insurance and unit trust operations to meet the challenges of the fast evolving retail market.

In order to retain our position, we require people with technical skills and strategic vision to make a significant contribution to developing the business for the future of our members.

Head of Legal Compliance Policy

This senior management role involves the formulation of policies and procedures for retail business conduct across the Group. Heading a team of highly skilled staff, your overall purpose will be to create a framework to enable the organisation to pursue business goals within legal and regulatory constraints. This will require initiative in responding to and keeping the business appraised of developments in legal and regulatory requirements as well as having the strategic vision to identify and develop options for new products.

The role will also represent the legal compliance function on major projects, provide ad hoc legal and regulatory advice to all divisions and approve all marketing and advertising material. In addition, you will be responsible for establishing and maintaining quality standards for all Nationwide regulated sales.

The successful candidate will be degree qualified with an impressive track record in a legal/compliance environment. Technically, you should be highly proficient and undoubtedly, you will be a clear and persuasive communicator with strong presentation skills. Experience within financial services is essential. Ref: FN4386FT

Pensions Development Manager

Following recent Government consultation papers on the future of pensions provision, there are likely to be significant changes in the way pensions are sold and processed. Nationwide requires a senior manager with excellent technical knowledge of the pensions market to be at the forefront of developing these new products for the organisation. The role requires an experienced pensions expert used to influencing and communicating strategy for new proposals, building the infrastructure to supply them and developing the systems to process them.

Along with a proven technical grasp of all aspects of the pensions industry, the role requires strong communication and relationship skills to facilitate development across different internal departments. A good knowledge of related areas such as legal, compliance, marketing and distribution is essential, as is experience of working in a multi-disciplinary environment.

The successful candidate will have at least ten years experience of the pensions industry and a track record of successful development of new initiatives in a fast moving environment. Ref: FN4387FT

To apply, email finance@harveynash.com or http://taps.com/Harvey_Nash or write to Harvey Nash plc, 13 Bruton Street, London W1X 7AH including current salary details. (Tel 0171 333 0033.) Please quote the appropriate reference number.

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You will be a driving force in enhancing the framework of our Group risk methodologies. As a specialist advisor, your ability to facilitate and influence change at the most senior levels will be pivotal in maintaining a competitive advantage, optimising shareholder value and improving our service to our customers.

Finance House

Consumer and Business Financing Risk Manager

Reporting to the Group Risk Manager, the responsibilities include:

- The setting of Best Practice standards for risk control within a risk/reward framework;
- Researching and establishing risk/reward models;
- Assisting in the development of risk strategic planning.

You will have:

- A BSc (Hons) and preferably, an MSc or MBA with a financial or mathematical content;
- A minimum of 3 years' extensive change management experience;
- Strong communication and influencing skills;
- Strong business background, preferably in a finance house with prior leasing exposure.

Retail Banking

Technical/Quantitative Risk Manager

Reporting to the Group Risk Manager, the responsibilities include:

- Leading the research and development of Best Practice modelling technologies within risk/reward frameworks;
- The assessment of new software risk technologies;
- Leading a diverse team to develop financial forecasting and scenario modelling.

You will have:

- A strong BSc (Hons), MSc or MBA with significant mathematical content;
- A background in financial services with an understanding of product profitability;
- Strong communication, influencing and change management skills.

Abbey National positively welcomes applications from every section of the community.

For an initial discussion or further information, please telephone Gavin Bonnet at Alexander Mann, Finance, Alexander House, 9/11 Fulwood Place, London WC1V 6HG. Tel: 0171 242 9000. Fax: 0171 905 1313. Email: gavin bonnet@alexmann.com

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All applicatons will be treated confidentially and addressed to: Mrs. Nevine El Adawy P.O. Box 1191 - Aguza-Cairo, Egypt within 2 weeks maximum.

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General Manager

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- Leading Gulf based international conglomerate with a diverse range of industrial and trading activities including automotive sales, FMCG distribution, electronics and office equipment, engineering, transport and travel
- Highly professional multi-national management team pursuing the best Western business practices supported by the very latest technology.
- Stand alone Consumer Finance and Insurance companies support the captive demand created by vehicle hire and the retail sale of cars, electronic and domestic appliances.

Role

- Reports to the CFO with full profit and balance sheet responsibility for the development and direction of the Consumer Finance and Insurance businesses.
- Identify and introduce new products and services and actively develop third party business.
- Support group operating divisions to minimise risk exposure and bad debts through effective management of trade credit.
- Develop and maintain productive relationships with re-insurers, financial institutions and key customers.

Candidate

- Graduate calibre with a finance or business management qualification, you can demonstrate a successful track record working at a senior level within the consumer finance sector.
- Some or all of your experience will have been gained in a developing market environment where risk has to be evaluated in the absence of complete underwriting and credit worthiness information. Previous exposure to the insurance industry is desirable but not essential.
- A team player, computer literate with good man management and communication skills, you must be able to work effectively in a multi-cultural environment.

This challenging role offers exceptional opportunities for international career development supported by a comprehensive tax free package (high savings potential). Please write in confidence, with full career and salary details to: Geoffrey Walker, MSL Search and Selection, 178-202 Great Portland Street, London W1N 6JJ. Fax + 44 (0) 171 637 2965. Alternatively apply by e-mail to pwilliams@msl.co.uk or on-line via The Monster Board at www.monster.co.uk

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Structured Finance Group in London continues its rapid growth in commitment of funds, which are expected to exceed $500m p.a. by the Millennium. We are in business to deliver exceptional financial returns. Our geographic region encompasses Europe, Middle East, India and Africa, with a focus on Western and Eastern Europe and covers a range of sectors.

You will be joining an exceptionally able small transaction team covering commercial and industrial sectors. You will report to the Risk Manager and also support the originators at the forefront of the transaction process. You will be responsible for all aspects of transaction risk management, including analysis, structuring, financial modelling, negotiation and documentation for debt and equity transactions.

You must be able to hit the ground running and have experience of structured transactions and the deal process for underwriting both debt and equity in various sectors, countries and companies and different legal regulatory frameworks. Experience must be broadly based, possibly in manufacturing, industrial, mining and paper. A background in leasing is useful. You will be numerate with an MBA or accountancy qualification and 5-10 years experience in corporate, structured or project finance and/or equity investments. Ideally you will be multilingual and you must have experience of working in Europe.

GE Capital is committed to a policy of career progression within the group world-wide. Initial remuneration is negotiable with some flexibility depending on experience.

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- Strategy
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- EMU
- Marketing
- Performance improvement
- Cost analysis and reduction
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You will have strong interpersonal and communication skills and the desire to work in teams. You will want to gain exposure to top quality clients.

You must have a good degree, preferably a second degree/qualification and project-related experience in a blue-chip environment or consultancy. A second language would be useful.

Contact: Stephen Bates, DLA Recruitment Consultants, 10 Bedford Street, London WC2E 9HE. Tel: 0171 420 8000. Fax: 0171 379 4820. E-mail: info@dla.co.uk quoting reference FT0399/SB.

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ASSET FINANCE

Our client is the South East based subsidiary of one of Europe's largest financial organisations with assets in excess of £60bn and AA rating. They are now a major provider of asset finance in the UK with a high quality portfolio concentrating on vendor finance and corporate leasing. Their relationship management culture has led to rapid expansion via organic growth as well as acquisition and these new business development positions are key to the planned significant expansion of existing business areas and the identification of new asset finance opportunities. They are entrepreneurial and growing fast and there are above average prospects for further career development in the UK and Europe.

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The corporate leasing division is well-established in several sectors, including vehicle contract hire, bus, transportation and logistics, print and vehicle rental, with strong relationships with the leasing operators and a high quality leasing book. This is medium ticket with deals typically in the region of £1-10m. The Account Manager will be responsible for the development of relationships in existing and new sectors, together with the management of a number of existing customers. The ideal candidate will be a graduate or professionally qualified with strong marketing, negotiation and credit skills and several years direct new business generation experience in the UK middle ticket asset backed sector. Ref: CL8398

ACCOUNT MANAGER - VENDOR LEASING

A significant volume of business was funded in 1998 and the busy vendor leasing division is well-placed for 1999. The relationships are principally in the IT sector with transactions ranging from £250,000-£5m. The position carries a high degree of responsibility, including the management of existing and new programmes. We seek an experienced vendor leasing transactor from a medium ticket vendor leasing company or general corporate leasing background with good credit, documentation, pricing, structuring and negotiation skills and ideally good IT skills. Applicants should be graduates or professionally qualified, with excellent inter-personal and marketing skills. Ref: VL8399

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THE POSITION

- Develop new private client business for UK and Zurich. Maximise existing business. build long term client relationships.
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- Extensive travel required; member of highly motivated team.

QUALIFICATIONS

- Graduate with good academic background. Experienced international business developer for private clients. Market awareness essential.
- Customer focused, results orientated individual with first class presentation and interpersonal skills. Ideally multilingual.
- Articulate, assertive, self motivated team player with strong work ethic. Able to fit in with a company that has demonstrated style and flair.

Please send full cv, stating salary, ref LG201383FT, to NBS, 54 Jermyn Street, London SW1Y 6LX
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PricewaterhouseCoopers refers to the UK firm of PricewaterhouseCoopers and to other member firms of the worldwide PricewaterhouseCoopers organisation. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

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THE POSITIONS

- Senior and high-profile roles within Banks and Insurance teams. Use in-depth market sector knowledge to provide leading-edge strategic advice and stock recommendations to top investment institutions.
- Provide thought provoking analysis and recommendations on sector value drivers and competitive positioning. Considerable involvement in corporate finance.
- Further deepen the range of existing valuation and analysis criteria to include issues such as shareholder value and competitive advantage.

THE REQUIREMENTS

- Record of success with leading consultancy, bank or Insurer. In-depth knowledge of Banks or Insurance sectors.
- Experience of latest valuation and modelling techniques.
- Graduate, ideally with further business or professional qualification. Exceptional communication skills. Ability to work under pressure and meet deadlines.

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Please send a full cv and current salary details, quoting ref: 990208, to Ann Semple, SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8600. E-mail: emmar@shpa.co.uk Internet: http://www.shpa.co.uk

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The Position

- Reporting to the Managing Director in the UK and the worldwide CFO, take responsibility for all aspects of financial control, reporting and analysis.
- Develop and implement financial systems to support a rapidly growing business.
- Play a key role in actively supporting the business goals across Europe.
- Establish a rigorous budgeting and planning process.

The Requirements

- A qualified ACA with at least 3 years' PQE.
- Well rounded accounting, budgeting and planning skills, gained within a fast growing, international environment.
- Technologically adept with some knowledge of e-commerce.
- Flexible, committed and prepared to work as part of a team in a true 'start-up' situation.

Please send your CV with current salary details to: Daniel Richards, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: FS101/04.

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AMBITIOUS ELECTRONICS PLC

GROUP FINANCE DIRECTOR

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Our client is a well established Plc operating in the electronics and security market. The Group has sales of c£50m and is ambitious to grow having recently undergone significant reorganisation under the leadership of a new Chief Executive. A Group Finance Director is required to join the board and make a positive contribution to the business, both commercially and through exercising strong financial controls and disciplines.

The Position

- Improve Group-wide financial management and control.
- Work closely with the Chief Executive to complete the reorganisation of the company and grow it profitably through M&A/business development.
- Oversee the systems and procedures for Group business planning and budgeting.
- Manage and lead a strong finance team across the Group.
- Co-ordinate administrative services including property, insurance and IT.
- Develop effective working relationships with the Group's professional advisors as well as taking on ad hoc tasks that may be assigned by the Chief Executive.

The Requirements

- Experience as a Finance Director of either a similar sized Plc or division/subsidiary of a blue-chip organisation.
- At least 5 years' PQE in a multi-site manufacturing environment, including those where the impact of contract management on financial control has been important.
- Proven skills/experience in leading a strong and effective finance function. A hands-on operator with a strong eye for detail whilst also being commercially astute.
- Chartered Accountant who understands public company requirements and formalities.
- Real appetite for hard work, intelligent, credible and with excellent interpersonal skills.

Please send your CV with current salary details to: David Gibbs, K/F Selection, Concorde House, Trinity Park, Bickenhill Lane, Solihull B37 7ES, quoting ref: 37432C/04.

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The Financial Control department globally comprises 750 people who are split across three support hubs in Europe, the USA and Asia Pacific. Due to a significant reorganisation, a need has arisen to recruit an exceptional individual to lead the Financial Control function. The successful candidate will report to the Global Head of Finance, IT and Operations and can be based in either London or New York.

THE POSITION

- Financial control comprising all financial and regulatory reporting, expenses, management reporting and consolidation for the bank.
- Leading a multi-cultural global function.
- Managing all financial aspects of current and planned change programmes.
- Commitment to best practice control environment.

QUALIFICATIONS

- Financial Management experience in a top tier firm. Ability and appetite to manage a highly complex financial services product range.
- First class communication and influencing skills, particularly at Board level.
- A track record in leadership of large international teams.
- Experience in an environment with US GAAP reporting is highly desirable.

SAINTY HIRD & PARTNERS — SHP ASSOCIATES

Please send a full cv and current salary details, quoting ref: 990206, to Fiona Jobson, SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: nicola@shpa.co.uk Internet: http://www.shpa.co.uk

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Head of Internal Audit

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They now require a Head of Internal Audit who will play a key role in the ongoing development of their business controls and the maintenance of quality services. Reporting directly to the Chairman and Board of Directors, you will manage audit resources, planning and implementing a detailed audit programme. This will involve directing an audit team, assessing risks and exposures of both products and supporting systems, reviewing systems under development and performing special investigations.

Candidates should be professionally qualified, experienced audit managers, who will have an in-depth understanding of commercial banking gained either in internal audit or the accountancy profession. The ability to build strong working relationships with line managers and to play an influential role in controlling business processes is essential.

The position is offered on an expatriate contract basis and benefits will include a tax free salary, family accommodation, medical expenses and assistance with school fees.

Applicants should contact Tim Sandwell at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA. Telephone 0171 936 2601. Fax 0171 936 2655. E-mail ts@barclaysimpson.com

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Financial Controller

The purpose of this role is to manage the core accounting function through a team of 45 staff. This involves:

- Control of stock, fixed assets and payroll.
- Cash and treasury management.
- Development of tax planning in liaison with external tax advisors.
- Group statutory reporting.

The successful candidate will be a graduate ACA, Big 5 trained with proven ability to manage a large team.

Management Accounting Controller

The purpose of this role is to provide proactive financial and commercial support to senior managers across all functions in order to maximise the efficiency and quality of profit and cash flow. With the support of six staff, this will include:

- Managing the annual budgeting process for revenue, cash flow and balance sheet.
- Preparing consolidated management accounts including exception reporting.
- Regular meetings with key managers to review forecasts and manage profit expectations.
- Capital appraisals – pre and post investment.

The successful candidate will be a graduate qualified accountant with significant experience in retailing or similar multi-site environment.

Outstanding Package – Outstanding Location

Only the ambitious should apply. Candidates should have a 2.1 or 1st class honours degree, 1st time passes in professional exams and a minimum of three years post qualification experience. Highly developed interpersonal skills and the ability to drive business change are seen as key attributes.

The South West coast offers highly attractive surroundings, Weymouth being within easy commuting distance of Poole and Bournemouth. New Look was founded there and the business is committed to the area.

The location has a great deal to offer those who wish to have an extremely challenging job combined with a very high standard of living which the package on offer can allow. House prices are around half of central London and two thirds of the South East.

If you feel confident you meet the standard required, submit your curriculum vitae, quoting reference number 448939 to Jonathan Ross at Michael Page Finance, West Park House, 23 Cumberland Place, Southampton SO15 2BB. Alternatively fax on 01703 481603 or e-mail: barbaranewton@michaelpage.com If you would like us to send you an information pack on the Weymouth area, refer to it with your submission and we will send you a copy.

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OSRAM

Finance Manager

Osram is one of the world's leading manufacturers in the lighting industry with production facilities in 18 countries and 28,000 employees worldwide. With global sales of over £2 billion, Osram is at the forefront of innovative lighting design.

Middlesex

c £40,000 + Benefits

The responsibilities of the Finance Manager, reporting to the UK Financial Controller, will encompass:

- Focusing finance as part of the decision making process of operational and senior management.
- Generation, analysis and interpretation of management and financial information.
- Responsibility for improving the financial reporting systems to facilitate tighter business controls and to increase productivity and profitability.
- Management and development of the Finance team.

The successful candidate will be an ambitious qualified accountant with the desire to develop both their commercial and technical skills. You must be able to display a proactive, hands-on approach, with the ability to work on your own initiative and the communication skills to operate at all levels of the business. Exposure to SAP would be advantageous, but well developed systems skills are essential.

This presents the successful candidate the unrivalled opportunity to join a global organisation with progression dependant on their abilities.

Interested applicants should forward an up-to-date curriculum vitae including current remuneration and daytime contact number to Keith Mackenzie at Michael Page Finance, Europa House, Church Street, Old Isleworth, Middlesex TW7 6DA, or fax on 0181 847 5703. Ref 479295. e-mail: keithmackenzie@michaelpage.com

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ZENECA

UK Financial Reporting Manager

A progressive role within a global blue-chip organisation

Zeneca a market leading global bioscience group with a turnover in excess of £5 billion is poised for future expansion within a competitive marketplace. This is an exciting and challenging period for the dynamic £1.6 billion Zeneca Agrochemicals Division. Internal promotions have created the need for a Reporting Manager to join the UK finance team.

Surrey/Sussex/Hampshire

c £40,000 + Relocation

The successful candidate will be responsible for proactively managing and controlling the procedures, systems and processes for collecting and reporting the management and statutory financial information for what is the most complex and challenging business unit within Zeneca Agrochemicals. Reporting directly to the UK Financial Controller, the UK Financial Reporting Manager directs a team of three accountants.

Key priorities will include:

- Identifying and supporting enhancements to the existing reporting processes and management information systems (SAP/Hyperion).
- Developing and managing improved financial models for profitability forecasting.
- Undertaking value added projects for the Financial Controller.
- Contributing financial leadership and knowledge to the Headquarters operations.

Suitable candidates will be qualified accountants with circa 2-4 years of post qualification experience. In possession of a good academic record and strong technical skills, candidates must also have high levels of motivation, credibility and confidence and possess the necessary communication skills to liaise with management at all levels. In return, you will be offered a highly visible and challenging position that could lead to numerous opportunities for a global and blue-chip career.

If you are interested in this position, please send your CV along with current remuneration details to Huw Rothwell at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead Surrey KT22 8AG. Ref 472710. Fax 01372 370101. e-mail: huwrothwell@michaelpage.com

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European Financial Manager

DESKTOP SOLUTIONS

c. £50,000 + Car + Bonus

MIDDLESEX

In today's fast paced global economy, information technology is a high stakes game of strategy. The investments are big, the performance and reliability needs are bigger. Company's network and desktop computing infrastructure is tied directly to their competitive survival and growth.

This leading global network and desktop integration and services company is committed to planning, managing and maintaining a client network and desktop environments across a variety of client base. The company has created a true pan-European financial and procurement shared services centre, which is now progressing to the next exciting stage of development. Resulting from this expansion, the group seeks to appoint a financial professional who can inject direction, leadership and support to this critical process.

Reporting to the Director of Financial Operations Europe, you will:

- Have responsibility for the Central Finance and Cash Management teams in the Shared Service Centre.
- Play a substantial role in Project Management with strategic ownership of process and procedures across Europe, within your function.
- Support subsidiary controllers in the performance of their duties.
- Co-ordinate all month end activities and ensure compliance against Service Level Agreements.
- Implement business and control reporting using SAP and Business Objectives, including cash management systems and the SAP Treasury Module.

As an ambitious and motivated finance professional, preferably ACA qualified and with a European exposure to finance this represents an outstanding opportunity to join a $3bn turnover group, hungry for further growth.

Interested candidates should write promptly enclosing their CV to Mark Rowley or Renato Raho MBA at HW Herst Austin Rowley, 30 St George Street, London, W1R 9FA, quoting reference HAR0253. Fax: 0171 409 7872. E-mail: mark@herst.co.uk Internet: www.herst.co.uk

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European Controller

Reading

£55,000 + Car + Share Options

Our client is the European headquarters of a multi-million dollar US company specialising in the provision of high performance network file servers and high availability data management software solutions to the Fortune 1000. The business operates through direct sales offices throughout the US, Pacific Rim and across Europe and is set for phenomenal growth with the development of market leading products.

With such progressive growth projections, the business is looking to strengthen its financial and commercial expertise with the appointment of a European Controller. Reporting to the Corporate Controller in California, the role will provide high level business support to the European VP and country managers in the UK, Germany, Switzerland and France. Key responsibilities across Europe include:

- Oversee and co-ordinate all finance functions.
- Co-ordinate and administer all budgeting, planning and forecasting processes.
- Control all statutory obligations and liaison with external bodies.
- Provide financial support to the European Distribution Channel.
- Implement a fully integrated European accounting system.
- Manage a small but professional team throughout Europe.

Likely candidates will be qualified accountants with 5-10 years experience who can clearly demonstrate a strong track record gained within a hi-tech industry. Experience working for a US based company in Europe is essential along with proven staff management skills to add value to this dynamic and ambitious business. Systems implementation skills will be of particular interest.

Interested candidates should forward a comprehensive curriculum vitae, including details of current salary and daytime telephone number to Anthony Spratt ACMA, Michael Page Finance, 33 Blagrave Street, Reading, Berkshire RG1 1PW, fax 0118 956 1657, quoting reference 492722. e-mail tonyspratt@michaelpage.com

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Millicom International Cellular SA (MIC) is one of the world's most exciting telecoms operators having achieved almost 100% compound subscription growth over the past five years. Its operations encompass cellular telephony services, fixed line communications and Internet provision via the recently launched Tele 2 UK. MIC's 30 Cellular operations are split into three divisions comprising Eastern Europe and Africa, Asia and Latin America. Quoted on Nasdaq and the Luxembourg Stock Exchange MIC is headquartered in Luxembourg in the Heart of Europe, one of the region's most beautiful countries, as well as one of it's most cosmopolitan. It is a thriving economy that affords an enviable quality of life rarely achieved elsewhere.

MIC

Group Controller and Financial Analyst

Luxembourg **£ Excellent Salary + Benefits**

In line with its continuing growth plans, MIC now requires two ambitious recently qualified Accountants (ACA/ACMA/ACCA or equivalent) with a can-do attitude, to compliment and contribute to the Eastern Europe and Africa team and global group operations respectively. Both roles require individuals of the highest calibre who are self starting team players with a flexible disposition, capable of providing analysis and rational critique to all levels of management.

Financial Analyst

Reporting to the Chief Financial Officer for the division and responsible for Eastern Europe and Africa, you will have an active involvement in the division from a strategic perspective and from the operational side co-ordinating analysis and commentary from all joint ventures, as well as involvement in capital investment analysis. Initially involved in the launch of pre-pay in the region, you will also have the opportunity to travel to both new and existing operations.

You are likely to be a recently qualified ACA/ACMA/ACCA working in a Big 5/grade 'A' firm or multinational company currently wishing to move to a commercial role in a fast moving, rapid growth industry which will reward and promote in a true meritocracy. Ref 492447

Group Controller

Reporting to the Group Accountant and responsible for MIC's 30 operations worldwide, your remit will include all external reporting (annual reports, US reporting, accounts to shareholders), monthly and quarterly consolidations of all group companies, 10 year strategic planning, projects and analysis for corporate management and implementing improvements to corporate reporting procedures across all divisions/JVs. You will be a recently qualified ACMA/ACA/ACCA or equivalent with experience of a group environment and wish to forge a career with a dynamic organisation that will offer tremendous future opportunities in return for measured success. Ref 492450

To be considered for either of these roles, please forward your current CV quoting the relevant reference number and stating your remuneration package to Jonathan Stokes at Michael Page International, Page House, 39-41 Parker Street, London WC2B 5LN. Telephone on +44 (0)171 269 2475, fax +44 (0)171 831 3440. e-mail: jonathanstokes@michaelpage.com

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Kodak Polychrome GRAPHICS

Finance Manager

With a global turnover of $2 billion and serving customers in more than 40 countries worldwide, Kodak Polychrome Graphics is the market leader. A joint venture between Eastman Kodak Company and Sun Chemical Corporation, the business is focused exclusively on the graphic arts industry. In the UK, turnover is in excess of £100 million and growing indigenously and through acquisition. Kodak Polychrome Graphics is uniquely positioned to provide customers with the highest quality products and services.

Watford **c £45,000 + Car + Bens**

Reporting to the Finance Director and being a key member of the operations management team, responsibilities will include:

- Shaping a new and improved business environment, establishing a firm financial base.
- Working closely with the Finance Director and the UK management team.
- Motivation and development of 12 accounts staff in the preparation of financial accounting information.
- Cash management/forecasting/analysis.
- Development of existing systems to improve efficiency and quality of information.

The successful candidate will be a graduate calibre qualified accountant who trained in the profession. With proven man-management skills, you must be a pro-active decision maker and be able to add value across all levels of the business. A diplomatic style coupled with a dynamic personality are essential.

Interested candidates should contact Paul Smith at Michael Page Finance, Centurion House, 136-142 London Road, St. Albans AL1 1SA or telephone 01727 865813, fax 01727 841616, quoting reference 54959. e-mail: paulsmith@michaelpage.com

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ATKEARNEY

European Operational Review

AT Kearney is a world leading multi-disciplined management consultancy with a presence in over 30 countries. Consistent strong growth has been achieved by developing long term relationships within an impressive client portfolio, whilst also aggressively exploring emerging markets. The dynamic nature of the organisation means improvement and development are key objectives within the support functions. The European Operational Review Division is instrumental in driving these initiatives forward.

London Based (W1) **to £45,000**

Reporting to the International Director of Audit based at Global HQ in Chicago and working closely with the European FC, this wide and varied brief will include:

- The determination and evaluation of key risks and the development of current and long term plans.
- Prioritising and monitoring the status of all projects on an ongoing basis.
- Establishing and ensuring compliance of quality levels, KPI's and internal standards and implementing new initiatives.
- Liaising with European department heads and external auditors to co-ordinate and carry out financial and operational reviews ensuring business transactions are properly conducted and accounted for.

Suitable candidates will be graduate chartered accountants, ideally from the Big 5 with 1-3 years PQE. You will have gained strong commercial investigative experience preferably within a European environment. Your ability to build relationships and influence internal and external contacts is a prerequisite as will be your determination and ambition to expand your role and personal profile within the firm.

This is an outstanding opportunity for an ambitious business professional to join a highly respected global organisation. To apply, please send your curriculum vitae quoting reference number 474105 to our retained consultant Neil Murphy at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN. Telephone 0171 269 2335, fax 0171 242 1020. e-mail: neilmurphy@michaelpage.com

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Commercial Accountant

South West **£ Excellent + Car**

Our client is a privately owned medium sized manufacturing business. Established over 150 years ago, the business is one of three specialists within its field and exports to over 70 countries worldwide. With an overlying policy of strong collaboration between customer and supplier, it has developed an unrivalled reputation for quality, performance and service and its environmental consciousness is of paramount importance. Recent years have seen significant investment and technological advancement, as well as a thorough restructure and change programme and is strategically well placed for growth.

An opportunity has now arisen for a high calibre finance professional to join the management team. Reporting to the Group Finance Director and General Manager, you will provide meaningful management accounting information to assist commercial decision making and will provide sound financial and business advice. You will be accountable for budgeting and forecasting analysis, stock and inventory control and production costing, profit planning and customer profitability data.

A qualified accountant with previous commercial experience gained within a manufacturing environment is essential. Your natural style will be positive, proactive and visible outside of finance. At ease with interpreting and reviewing analytical data, you will be change and process improvement orientated and will have the necessary interpersonal skills to influence outcomes for the better and challenge the status quo.

You will have developed an excellent working knowledge of MRP standard costing systems and accustomed to working in a cross-functional team, you will be appreciative of the wider operational issues of running a factory and will be at ease on the factory floor.

Interested candidates should apply in writing enclosing a CV and covering letter, with daytime telephone number and current package details to Kathryn Roberts, Regional Manager at Michael Page Finance, 29 St Augustines Parade, Bristol BS1 4UL or fax 0117 9264223 quoting reference 489830, alternatively e-mail: kathrynroberts@michaelpage.com

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Assistant Financial Controller

LV

Louis Vuitton UK Limited is the UK subsidiary of Louis Vuitton Malletier which is part of LVMH Moet Hennessy Louis Vuitton, the world's leading luxury goods group. With other exclusive names such as Christian Dior, Berluti, Loewe and Celine in their portfolio, this is a highly successful company committed to an ongoing strategy of organic and acquisition led growth.

London, W1 **c £40,000 + Benefits**

The dynamic changes across the group have resulted in a restructure of the accounting function. This has created an exciting opportunity for a high calibre individual who has the motivation and desire to challenge existing practices and help drive the accounting function forward to achieve greater added value across the business. Reporting to the Financial Controller, key responsibilities will include:

- Managing the accounting function on a day-to-day basis and deputising for the Financial Controller when necessary.
- Taking responsibility for all monthly and quarterly financial reporting for several business units.
- Responsibility for two direct and two indirect staff and their ongoing development and training.
- Developing and enhancing the systems and reporting procedures from an efficiency and control perspective.
- Undertaking a whole range of financial projects covering the business activities of the UK subsidiaries.

Ideal candidates will be fully qualified accountants with circa one to two years PQE, preferably gained within the retail environment. In addition to your excellent communication skills, you will be a self starter, demonstrating high levels of drive and initiative. Of equal importance will be your highly developed IT skills.

If you feel that you have the qualities to undertake this challenging role and make an immediate impact, please contact Jazz Dhanda on 0171 269 2473, or Lisa Mason on 01727 865 813 or fax 0171 242 1020. Alternatively apply in writing to them at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN quoting reference number 474798. e-mail: jazzdhanda@michaelpage.com or lisamason@michaelpage.com All CVs sent directly to Louis Vuitton will be forwarded to Michael Page.

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Directors of Finance

Greater London To £75,000 + Full Benefits

Our client is the London based subsidiary of a US multi-national corporation. The group is the world's fastest growing global insurance services organisation. Offering a comprehensive range of insurance services - direct and reinsurance broking, consulting and underwriting - the group via continued acquisition and organic expansion has grown revenues to circa $6.5 billion and has established market leadership in its fast changing industry.

The group's global reinsurance broking operations outside of the US are managed from London. Our client is seeking to strengthen its core finance function through the recruitment of three exceptionally high calibre Directors of Finance with particular attributes and expertise that will complement and add value to the company.

Key to success for all three roles will be the ability to build long term relationships with business managers across the company and with finance and administration activities in the group's other core business lines.

Director of Finance for Overseas Operations

Role: Responsible for the financial co-ordination of operations in 50 countries. The key aspect of the role is the development and implementation of financial reporting and control processes together with the requirement to support UK and overseas operating management in developing and achieving their strategic objectives.

- A qualified accountant with global business experience and extensive financial and commercial background in overseas operations within a blue chip organisation
- Excellent communication skills at all levels with the ability to balance commercial requirements against financial considerations
- Able to develop and implement financial strategies in collaboration with both operating and financial personnel
- A strategic thinker with a high degree of personal authority and the ability to influence issues through negotiation and persuasion
- The role will involve regular overseas travel.

Director of UK Management Accounting

Role: To oversee, control and develop the Management Accounting function for the company. This will require the questioning of existing practices, the development of innovative and practical solutions and the delivery of change across the company's operations.

- A broad based financial and management accounting background gained within a blue chip commercial environment
- Extensive commercial and business acumen within a large change orientated organisation
- A proven record of developing, co-ordinating and managing a significant accounting function
- An ability to develop key relationships at a senior level within the company and address financial issues up to board level.

Director of Financial Process Management

Role: Responsibility for all aspects of the companys expense processing, control and reporting activity. Key focus is on process design through the introduction of fully automated expense processes and the implementation of new financial systems.

- Experience of business systems within a large transaction based organisation
- Ability to design and effect creative solutions to improve and automate processing across varied locations
- Strong systems literacy, with the ability to communicate and liaise at all levels in relation to IT requirements from a financial perspective
- Management and interpersonal skills appropriate to oversee the change process within both the finance function and business organisation
- Experience of the operation and implementation of Peoplesoft or similar applications is desirable.

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FINANCE DIRECTOR

COURT SERVICE

Applications are invited for the post of Finance Director in the Court Service, which is an executive agency of the Lord Chancellor's Department. The post will ideally be located in Central London, but alternatives will be considered.

The Finance Director will be directly responsible to the Chief Executive as principal financial advisor, ensuring that the resources allocated to the Court Service are effectively deployed and managed to enable the agency to meet its objectives and that systems are in place to secure propriety and regularity in the agency's financial systems. The postholder will be a member of the Court Service's senior management team, and will sit on the Strategic Board. He or she will work with the other members of the senior management team in setting targets and allocating resources.

The successful candidate must possess well-developed communication, influencing and negotiation skills. He or she will have strong analytical ability and a capacity to make judgements and decisions quickly. Possessing strong leadership skills, he or she will demonstrate an ability to challenge existing practices and lead initiatives for more efficient use of resources, and will contribute effectively to the strategic thinking of the senior management team. Candidates must have relevant experience at a senior level of financial management.

Accountancy qualifications and an understanding of government accounting are desirable.

The appointment will be made initially on the basis of a three-year contract, with the option for extension or for permanent appointment. The post attracts a salary in the range £45,810 - £73,470 (with opportunities for performance pay), although more may be available for an exceptionally qualified candidate. Should the post be based in Central London, a Recruitment and Retention Allowance of £1,776 will also be payable. The post is pensionable.

Further details, together with an application form, can be obtained from Heather Atkinson, Senior Staff Personnel, Lord Chancellor's Department, Room 931, Selborne House, 54-60 Victoria Street, London SW1E 6QW (telephone: 0171 210 8667/8).

Applications should be supplemented by a detailed CV which addresses the requirements of the job description. Only those candidates who appear, from the information available, to have the best qualifications, qualities and experience for the post will be invited to interview. Completed applications should be returned no later than 24 March 1999.

The Lord Chancellor's Department is committed to equality of opportunity in employment for all who are eligible, on the basis of ability, qualifications and fitness for work. Applications are invited from all qualified individuals, irrespective of race, gender, marital status, disability or sexual orientation.

POSITIVE ABOUT DISABLED PEOPLE

LEASEUROPE - European Federation of Equipment Leasing Company Associations, based in Brussels (Belgium) - is looking for the

CONSULTANT - INTERNATIONAL ACCOUNTING AND TAXATION

LEASEUROPE is the umbrella federation of thirty national leasing associations. Its main task is representation of the European institutions in Brussels and the information of its members on regulatory international developments.

LEASEUROPE is now looking for the 'Consultant - International Accounting and Taxation' due to the termination of the three year contract of the current holder of the position. The main task during the minimum contract period of three years will be to support the work of the Accounting and Taxation Affairs Committee. In particular the efforts for a radical reform of lease accounting at the level of the IASC, where LEASEUROPE is represented in the Steering Committee, are of concern. She/he will also subsume the position of coordinator of the 'World Leasing Accounting Committee', an inter-continental lease associations network.

The applicant should have a university degree in business studies with specification in international accounting. Some years practical experience in a Big-Five firm or in the leasing sector would be helpful. Communication skills, language abilities (English, French, German, with English as the most important of the three), as well as an integrative and creative personality are indispensable. This international and challenging position will be appropriately rewarded.

Please send your full CV to Mr. Marc Baert, Secretary General, LEASEUROPE, Avenue de Tervuren 267, B-1150 Brussels (Tel.: +32-2-778.05.60; Fax: +32-2-778.05.79; e-mail: leaseuro@skypro.be)

FINANCIAL DIRECTOR

Manchester

c£50,000 + Executive Benefits + Relocation Assistance

The Organisation

Our client is a £15 million turnover autonomous subsidiary of a major US group, specialising in the global supply of occupational health and safety products manufactured to the highest international standards. The organisation has recently restructured its operating base in order to launch an ambitious growth programme, capitalising on strong international brands and market leading positions in the UK and North America. The vision is to develop genuine global brands through organic growth and selective acquisitions, and they seek a finance director capable of meeting *these challenges and maximising profitability.*

The Role

- As a key player in an executive team, you will contribute fully to the strategic plan and its full implementation.
- Develop management and reporting routines to ensure true transparency of operational performance, identification of business risk and effective bottom line performance.
- Maintain and improve an effective framework of financial and management control and spearhead the implementation of ongoing business initiatives to ensure best practice.
- Work closely with operational management to take full advantage of the considerable opportunities presented by the current and future business environment.
- Make a "hands on" contribution to the day to day running of the accounts function, manage and motivate a small team and champion IT development projects and business re-engineering initiatives.

The Appointee

Applicants will be qualified accountants, with a minimum of five years post qualification experience ideally gained within a "world class" manufacturing environment. You must be a strong team player with excellent organisational and communication skills, combined with a strong commercial instinct and enquiring mind.

To apply please write enclosing your cv and salary details to Hays Accountancy Personnel, 1st Floor, Abbey House, 57-57a St Petergate, Stockport SK1 1DH. Tel: 0161 480 4959. Fax: 0161 480 4525. E-mail: stockport@hays-ap.co.uk

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COMMON FUND FOR COMMODITIES

CHIEF ACCOUNTANT

The Common Fund for Commodities (CFC) is an International Institution established by the United Nations, engaged in the financing of commodity projects in Developing Countries. The CFC offers the position of Chief Accountant, heading the small accounting unit, who will report directly to the Managing Director.

His/her main responsibilities will include:

- Supervision of the maintenance of a multi-currency financial accounting system;
- Preparation of Annual Financial Statements in accordance with International Accounting Standards;
- Liaison with External and Internal Auditors;
- Preparation of Annual Administrative Budget;
- Preparation of Monthly Management Accounts;
- Supervision of Payroll and Provident Fund computation;
- Supervision of Back Office settlements;
- Loan and Grant Project Administration.

Qualifications and experience:

Member of a recognized professional accountancy body or recognized university degree in accounting, at least 8 years related practical experience (preferably in international organizations), excellent drafting skills, fluency in English, computer literacy including the ability to operate a computer based accounting system, and spreadsheets.

Remuneration:

The entry level will be at P3/P4 of the United Nations grade, depending on the qualification and experience. A two-year renewable contract with an attractive tax free salary, Provident Fund and other benefits will be offered.

Applications in English, including curriculum vitae, should be received not later than 26 March 1999. Only short-listed candidates will be contacted.
Applications should be sent to:

The Head of Personnel
Common Fund for Commodities
P O Box 74656
1070 BR Amsterdam
Fax (31 20) 6760231

Senior Accountant
- Financial Services

Up to £45,000 + Full Benefits Package - London

In this role you will have all the benefits of joining a small rapidly expanding niche life assurance company with genuine breadth of responsibility, autonomy and large scope for future advancement, combined with the security of being part of a large insurance and financial services conglomerate. Based at the group's UK corporate centre you will have specific responsibility for working closely with the senior management team of this dynamic and growing life assurance subsidiary.

The Candidate

- Will be a qualified accountant with previous experience of working within a life (re)/assurance environment either as an auditor or in a line management role.
- Will be a technically strong accountant, familiar with all statutory and regulatory reporting requirements.
- Will be a flexible person, happy undertaking the whole range of financial, statutory and management accounting functions as well as regulatory returns.
- Will be a confident, assertive self starter, able to contribute to the setting of strategic and operational objectives.
- Will be a capable person, detail conscious who is able to work on own initiative without close supervision.

The Position

- Reporting to the Group Finance Manager you will have sole responsibility for preparing statutory accounts, HMT returns and management information.
- Working closely with the Chief Executive you will ensure board reports and management information are produced in an accurate and timely fashion.
- You will work as a senior member of the company's UK head office finance team in developing new systems for financial and management reporting.
- You will prepare all budgets, monitoring actual performance against budget.

This is an exceptional opportunity to develop a career within a growing organisation. Interested candidates should send their curriculum vitae and current remuneration details to Edward Snell, Director IPS Group. Please quote reference FT91792E.

IPS Executive, IPS Group Limited. Lloyd's Avenue House, 6 Lloyd's Avenue, London EC3N 3ES
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IPS GROUP EXECUTIVE

FINANCE MANAGER

Chertsey, Surrey

£34,000 + Bonus + Benefits

MAYHURST HOMES

Quality house builder seeks quality individual.

Mayhurst Homes Ltd is a rapidly expanding residential property developer specialising in the construction of luxury homes. With an established reputation in this niche market for quality and individuality, the company prides itself in the provision of the highest levels of customer service. The company has ambitious and clearly defined plans for extended growth.

The Role

Reporting directly to the Managing Director, this is a steering role requiring a highly proactive approach. Focusing on improving business performance by supplying accurate and timely management information.

Key Challenges:

- provision of detailed analyses on costs for potential sites/projects to strict deadlines;
- liaison with suppliers, banks, contractors, architects etc;
- maximise potential of a fully integrated software package/ report generator;
- full involvement in the strategic planning process.

The Person

- a high calibre qualified accountant (or qualified by experience), ideally with relevant industry experience;
- will enjoy a fast moving environment working in a closely knit management team;
- possess the drive and ambition to add value to a forward thinking and highly profitable organisation;
- an energetic individual with a "hands on" approach;
- a dynamic problem solver motivated by the desire to succeed in a results orientated organisation.

In the first instance, please contact, in complete confidence, *Rob Davidson on 01483 303300.* Alternatively, please send your full CV, including the details of your current remuneration, to him at HW Harrison Willis, 10 Quarry Street, Guildford, Surrey GU1 3UY. Fax: 01483 303799. E-mail: rob.davidson@hwgroup.com Internet: www.hwgroup.com

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Please contact Alex Blair on:

Huxley Associates

Tel: 0171 335 5890
Fax: 0171 335 0008
Email: programming.perm@huxley.co.uk

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How to net a bargain at an auction

Antony Thorncroft on how salerooms are broadening their market via the world wide web

Psst – wanna buy a good watch, going cheap? Well, catch a charity auction in New York. Last week you could have acquired big-name watches at far below their retail value, and enjoyed the glory of owning a timepiece that previously belonged to a star.

A Cartier watch donated by pop singer Celine Dion, which would cost \$11,400 (£7,047) in the shops, was snapped up for \$8,000. Whoopi Goldberg's Parmigiani Fleurier, market price \$11,300, went for \$9,000; Elton John's \$5,990 Piaget for \$4,000; Burt Reynolds's \$20,710 DeLanueau for a miserly \$9,000; and José Carreras's \$9,120 Chopard for \$6,500.

The prices say something about the reputations of stars; something about the retail mark-up on watches – a sizeable chunk of the audience was the New York watch trade which sees the world wholesale; and something about the organisation of charity auctions – most notably, try and get an amusing auctioneer, make sure that known supporters of the chosen charities are invited rather than potential buyers of watches, and don't clash with the Grammy awards.

Of course, as in many charity auctions, not everything was as it seemed. Various charities, nominated by the stars, were a collective \$544,000 better off at the end of the evening, but the real profit-and-loss sheets were totted up by the triumvirate behind the auction, which had a different agenda.

It was organised by Antiquorum, the Geneva-based saleroom, which reckons to dispose of more watches at auction than any other company but which had never before braved New York in a big way. It took place in the atrium of Tourneau Time-Machine, the biggest upmarket watch retailer in New York. And it was another chance for the Auction Channel, the UK-based provider of TV auctions, to test live bidding on the internet. Charities offer the best possible vehicle for a little self-promotion and trial marketing.

The Auction Channel must be happiest with the event. The 25 internet users who took part in the auction bid on almost half the 87 lots and successfully carried off seven, including Jerry Seinfeld's Breitling for \$11,000. One keen collector, bidding from his Lisbon home at 3am, acquired three watches. The internet proved its importance as a means of making auctions global and of vastly expanding the number of potential bidders.

Auctions are about to be transformed by electronic bidding. It has already happened in the US where eBay, the San José-based online company, has become the biggest auctioneer in the world by opening a website which acts as a cross between an electronic "Exchange and Mart" and a monster car-boot sale. Since 1995 the company has put well over 40m items up for auction at an average value of \$50. Any collector of matchboxes or seeker after a new fridge can access the biggest continuous auction ever.

Star quality: Jerry Seinfeld's (left) Breitling watch was bought via the internet, and Michael Owen's shorts are up for auction live on television

The fine-art salerooms have cottoned on quickly to both the threat and the potential. In July Sotheby's goes online with week-long auctions involving thousands of lots, many from the unrivalled collection of baseball memorabilia assembled by Barry Halper. Christie's will make its move soon, and the two smaller British salerooms, Bonhams and Phillips, are testing the market.

The Auction Channel is poised to take advantage of this activity. It was started in 1996 by Jason Gleave, who realised that digital television, with the potential for beaming 300 channels, desperately needs products. He reckoned that auctions could be lively, immediate, popular and eventually interactive shows. He has developed the appropriate software and is going into partnership with the auction houses.

Gleave has quickly discovered that, for all the potential in presenting auctions live on television – and the next, Bonham's first sale of football memorabilia in its new Manchester saleroom on March 15, which includes Michael Owen's shorts and Alan Shearer's shirt, will tune 170,000 sets to Sky – the best immediate use of the Auction Channel's expertise is through the internet. Its ability to give salerooms software which enables them to take up to 1,800 live bids via the internet offers the most immediate potential. It is also much cheaper to organise than a television link.

The initial results have been encouraging. In a charity auction of rock and pop memorabilia organised by Bonhams in September and transmitted on television via the Living Channel, almost half the 78 lots were acquired by bidders at home. In a sale of Formula 1 memorabilia on December 3, which involved the specialist motoring auctioneers Brooks and Sky Sports, 20 per cent of the successful bids were from viewers watching the sale on television.

The Auction Channel is planning a series of auctions of sporting memorabilia this year with various salerooms, all transmitted by Sky Sports. The programmes can be extensively previewed, encouraging a higher take-up rate of registered bidders: it is now possible to register once the auction has started. The coverage will spread over six hours, with plenty of time for information and entertainment, with the auction as the finale.

These are early days for electronic bidding. In little over a year most new television sets will also carry the internet. It will be easy to watch the sale progress on the screen and make bids either by telephone or the internet. Gleave envisages having a sale on screen somewhere in the world every day. He also expects the auctions to dispose of government surplus goods, property, cars, and collectables. For the time being, however, works of art valued at more than £10,000 will still be sold by live auction.

So far it has been mainly fun and charity sales but soon online auctions will start to sprout like daffodils, and by the summer they will be as rampant as roses. Any object which fails to sell in a live auction will take its chance on the internet. A transformation that has been long forecast is suddenly upon us.

BALLET IN ANTWERP

Back to back with Balanchine

It is an act of some bravery to make a ballet using a score on which George Balanchine created one of the seminal masterpieces of our century – music both commissioned and paid for by Balanchine. It is surely an act verging on foolhardiness to play these two versions back-to-back. But so it was last weekend when the Royal Ballet of Flanders offered its public Hindemith's *Four Temperaments*, first in Balanchine's glorious realisation and then as Jean-Christophe Maillot's *Thème et quatre variations*.

The physical pulse, like the music's, is unrelenting, edgy, very rush-hour New York

This thematic programme was entitled *Balanchine and Friends*, though I remain to be convinced that what Maillot did was friendly: it revealed the chum-like intentions of someone who dresses Michaelangelo's "David" in snorkel and flippers. The more honourable ending to the evening was a work by Christopher d'Amboise, who danced for Balanchine over a number of years in New York City Ballet and is now a promising choreographer. His *Synchronicities*, using the inescapable John Adams' *Fearful Symmetries*, was a work firmly placed in the NYCB tradition.

The Balanchine was very well shown by the Flemish dancers: their alert way with the movement owes everything to Robert Denvers, their artistic director and a celebrated teacher. The modernity of this ballet is still astonishing. It dates from 1946, a year when choreographers as diverse as Ashton (with *Symphonic Variations*) and Serge Lifar (with *Dramma per musica*, which merits revival) were, like Balanchine, also proposing ideas about the renovation of classic dancing as the west turned its thoughts to the arts of peace.

It is a work which never ceases to amaze me in its felicities – how the music is revealed to us in movement; how the entire fabric of the dancing is woven from a single thread of genius. What Maillot sees in the score seems to be a matter of anger and frustration. (His own? A critic's, when faced with such cack-handed activity?) Four couples behave badly in a handsome setting by Dominique Drillot. What they do, they do four times over. It is all insupportable. The Flemish dancers, with nary a wince, perform it with whole-hearted energy and devotion.

A promising end to the evening: Christopher d'Amboise's 'Synchronicities'

Christopher d'Amboise's argument seems to be that disparate actions may be finally united. His 23 dancers are driven in urgent, urban terms to encounters whose tracks or impulses or intentions meet, then race off in other directions. The physical pulse, like the music's, is unrelenting, edgy, very rush-hour New York. Books hang over-head, then crash to the floor. A couple are separated from the main group, and dance a duet which is a pas de trois with a book – they are living "by the book", perhaps – and then the cast returns and a final image is of the crowd enveloped by darkness.

It is not a relaxed piece, but d'Amboise is an increasingly sure choreographer – witness his *Circle of Fifths* shown in London by a NYCB concert group last summer – and his musical perceptions, his craft, show a creator who is moving steadily and securely along his own path; acknowledging Balanchine and Robbins and even Twyla Tharp as models, but making his own dances in his own way. I admire him. The ballet, like everything in the evening, was danced with verve and clarity: the Flanders troupe is a fine ensemble. Their own theatre – the Theater 't Eilandje in Antwerp – is an intimate auditorium with a generous, airy stage, excellent for work of this kind.

Clement Crisp

SPONSORSHIP

A mission to entertain

In the distant past, 20 years ago, when arts sponsorship first began to receive attention, the leading supporters were the tobacco and drink companies, the oil industry and the banks. Today the main growth in sponsorship comes from the service industries, in particular management consultants and accountants, financial institutions, and lawyers and surveyors – niche markets where large-scale advertising can be a waste of time and money. Instead they seek cultural opportunities where they might meet potential new clients while entertaining existing ones.

The classic example is global professional services firm Ernst & Young, which has invested about £1m in the Monet show at the Royal Academy. The success of the exhibition – it will comfortably make its target of 550,000 admissions, staying open all night on its final weekend, April 17-18 – should keep the firm committed to sponsorship. The success of Monet has enabled the RA to wipe out its deficit, which is also good news for Ernst & Young – its auditors.

If the RA needs even more consultancy advice it can look to another new sponsor, A.T. Kearney, which has signed up to support the Summer Show until 2002 at a cost of well over £500,000.

After the consultants come the lawyers. A new exhibition at the Museum of London, a selection of 120 prints of London by photographer Terence Donovan, is underpinned by about £50,000 from Denton Hall, the law firm. As a first-time sponsor the money attracts a government grant under the Pairing Scheme. Denton Hall will use the exhibition to raise its profile and for corporate entertaining. It expects to meet thousands of possible clients, and is also inviting new graduates who are thinking of joining the firm. Further sponsorships are planned.

This is the first sponsored show at the Museum of London in a decade, but under its energetic new director, Simon Thurley, it is now actively touting for supporters. Its next venture, *London Eats Out*, covering 500 years of cooking in the capital, has Terence Conran as an adviser.

Rather than entertain clients and staff at outside music venues, companies can exploit the fine acoustics of their home territories

Another law firm getting involved in the arts is Clifford Chance. On March 23 it is inviting contacts from companies from BP to Barings, Glaxo Wellcome to Coutts, along to the atrium of its Aldersgate HQ to hear a concert by the London Musici under its conductor Mark Stephenson.

Stephenson believes that many London offices, especially those with grand new central atriums, are ideal venues for music-making. He hopes that the Clifford Chance concert will help persuade companies that, rather than entertain clients and staff at outside music venues, they can exploit the fine acoustics of their home territories – ideally with the help of London Musici.

Corporate entertaining is vital in these business-orientated sponsorships, and this inevitably means links with "safe" arts. Old Mutual Asset Management, a South African company with its UK headquarters in the City, has raised its profile by spending about £70,000 a year, sponsoring the corporate members' party at the Summer Show and getting involved with the LPO and the ENO. Like many sponsors, it is now becoming more philanthropic, supporting an exhibition of African photography at the Barbican and a musician's chair at the LPO, filled by a young South African violinist.

Investment bank Warburg Dillon Read is going the same way. It is a long-term sponsor, investing about £200,000 a year in art shows and orchestras: it is at present supporting the 50th anniversary celebrations of the London Mozart Players. But it has also sponsored a tour of South Africa by Birmingham Royal Ballet. The starting point may have been building business links, but it paid for the dancers to perform in the townships, as well as conventional arts venues.

A.T.

INTERNATIONAL Arts Guide

AMSTERDAM

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Die Zauberflöte: by Mozart. Conducted by Hartmut Haenchen in a revival of Pierre Audi's staging co-directed by Saskia Boddeke; Mar 5, 8, 10

CHICAGO

CONCERTS
Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
Chicago Symphony Orchestra: conducted by Andrew Davis in works by Mozart and Elgar, with piano soloist Andreas Haefliger; Mar 6, 9

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
Die Meistersinger von Nürnberg: by Wagner. Conducted by Christian Thielemann in a staging by Kurt Horres, with designs by Andreas Reinhardt; Mar 6, 10

COPENHAGEN

EXHIBITION
Statens Museum for Kunst
Henri Matisse: Four great collectors. Brings together works from what were once the greatest private collections of Matisse's art; to May 24

GLASGOW

OPERA
Scottish Opera, Theatre Royal
Tel: 44-141-332 9000
The Magic Fountain: by Delius. Conducted by Richard Armstrong in a new staging by Aidan Lang, with designs by Ashley Martin-Davis; Mar 6

LONDON

CONCERTS
Royal Festival Hall
Tel: 44-171-960 4242
● City of Birmingham Symphony Orchestra and Chorus: conducted by Simon Rattle in works by Lutoslawski, Takemitsu and Adams. With guitar soloist John Williams; Mar 6
● London Philharmonic Orchestra: conducted by José Serebrier in a programme including works by Stravinsky, Piazzolla, De Falla and Rodrigo. With guitar soloist Slava Grigoryan and castanets soloist Lucero Tena; Mar 5

EXHIBITION
National Gallery
Tel: 44-171-839 3321
Orazio Gentileschi at the Court of Charles I: first-ever retrospective of the 17th century Italian painter, friend to Caravaggio, and Court Painter to Charles I. Includes a group of works from the Queen's House in Greenwich, sold after the king's execution and never seen together since; to May 23

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
● La Traviata: by Verdi. Michael Lloyd conducts a revival of Jonathan Miller's production; Mar 5
● Parsifal: by Wagner. Conducted by Mark Elder in a new staging by Nikolaus Lehnhoff, with sets by Raimund Bauer and costumes by Andrea Schmidt-Futterer; Mar 6

LOS ANGELES

OPERA
L. A. Opera, Dorothy Chandler Pavilion
Tel: 1-213-972 8001
www.laopera.org
La Traviata: by Verdi. Conducted by Gabriele Ferro in a staging by Marta Domingo, with a cast led by Carol Vaness; Mar 6

MANCHESTER

CONCERT
Bridgewater Hall
Tel: 44-161-907 9000
Orchestra of the Royal Opera House: conducted by Edward Downes in a programme of works by Verdi, Weber, R. Strauss, Puccini and Wagner; Mar 5

MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Bavarian Radio Symphony Orchestra: conducted by Lorin Maazel in works by R. Strauss and Couperin; Mar 5
● Munich Philharmonic Orchestra: conducted by Gianluigi Gelmetti in his own Prasanta Alma, and in Rossini's Petite Messe solennelle; Mar 9

JAZZ
Philharmonie Gasteig
Tel: 49-89-5481 8181
BB King: performance by the blues guitarist; Mar 6

OPERA
Bayerische Staatsoper
Tel: 49-89-2185 1920
www.staatstheater.bayern.de
Katya Kabanova: by Janáček. Conducted by Paul Daniel in a staging by David Pountney, with sets by Stefanos Lazaridis and costumes by Marie Jeanne Lecca; Mar 5, 8

NAPLES

EXHIBITION
Museo di Capodimonte
Tel: 39-081
Mattia Preti between Rome, Naples and Malta: first of three special exhibitions marking the 300th anniversary of the death of Mattia Preti (1633-1699), the southern Italian painter known as 'Il Cavaliere Calabrese'; from Mar 5 to Jun 11

NEW YORK

CONCERTS
Avery Fisher Hall, Lincoln Center
Tel: 1-212-875 5030
www.lincolncenter.org
● New York Philharmonic: conducted by Ivan Fischer in works by Beethoven and Mahler, with soprano Amanda Roocroft; Mar 6
● New York Philharmonic: conducted by Gisele Ben-Dor in works by Beethoven and Mahler, with soprano Amanda Roocroft; Mar 9

EXHIBITION
Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
Picasso: Painter and Sculptor in Clay. Seen last year at London's Royal Academy, this show brings together 175 ceramic works by Picasso, mostly created between 1947 and 1962; to Jun 6

OPERA
New York City Opera, New York State Theater
Tel: 1-212-870 5570
www.nycopera.com
● Lizzie Borden: by Jack Beeson. New production conducted by George Manahan in a staging by Rhoda Levine, with Phyllis Pancella in the title role; Mar 6, 10
● Madama Butterfly: by Puccini. Conducted by Guido Johannes Rumstadt in a staging by Mark Lamos first seen in November, with sets by Michael Yeargan and costumes by Constance Hoffman; Mar 7

PARIS

EXHIBITIONS
Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
● Edward Burne-Jones: major retrospective of the British pre-Raphaelite painter, which forms the mainstay of the museum's 'saison anglais'; to Jun 6
● Gothic Revival: Architecture and Decorative Arts of Victorian England. Display examining the fascination of mid-19th century artists with medieval culture; to Jun 6

OPERA
Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300
www.opera-de-paris.fr
Macbeth: by Verdi. Conducted by Gary Bertini in a staging by Phyllida Lloyd, with designs by Anthony Ward. Cast includes Maria Guleghina; Mar 5, 9

PORTLAND

JAZZ
Schnitzer Concert Hall
Tel: 1-503-248 4335
Lincoln Center Jazz Orchestra: America in Rhythm and Tune. First date of the Duke Ellington centennial tour, led by Wynton Marsalis; Mar 10

SAN FRANCISCO

CONCERT
Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
San Francisco Symphony Orchestra: conducted by Jeffrey Tate in works by Schoenberg, Britten, Purcell and Haydn, with tenor John Mark Ainsley; Mar 6

SEATTLE

OPERA
Seattle Opera
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PHILIP STEPHENS

Turning a blind eye

Northern Ireland's peace process may ultimately depend on not demanding the immediate decommissioning of IRA weapons

Look into the eyes of Gerry Adams and Martin McGuinness. Look hard. Has middle age really dulled their fervour for the IRA's long war in Northern Ireland? Or are the terrorists-turned-democrats of Irish republicanism the authors of a ghastly confidence trick? Look hard. The eyes give nothing away.

And there you have the agonising ambiguity which has always lain at the heart of Northern Ireland's peace process. It haunted the first secret negotiations between the Irish Republican Army and Margaret Thatcher's government. A decade later unionists and republicans were still tip-toeing around it when they put their names to the Good Friday political settlement. More than once this absence of clarity has seemed to frustrate the peace process. Yet, in different forms, it has often been its servant.

Now, though, it is said that ambiguity has had its day. Certainty is required. And so a crisis looms. The euphoria which greeted last year's Good Friday agreement has given way to a more familiar pessimism.

The armed peace is punctuated by gruesome beatings and shootings. Paramilitary psychopaths – loyalist and republican alike – stalk the streets of the province's sectarian ghettos. Intelligence reports speak of republican splinter groups preparing a bombing campaign and of loyalists primed to take reprisals against the Catholic community. Among unionists there is growing disenchantment with the Good Friday agreement.

Next week marks the deadline for the creation of an executive which would return the province to self-government. The plan envisages a rainbow coalition. For the first time, unionists would sit alongside republicans in a Northern Ireland cabinet.

But all this is conditional. David Trimble's Ulster Unionists insist that the republicans must earn their places as ministers. A start must be made on the decommissioning of IRA weapons. A few pounds of Semtex and a few dozen Armalites at least must be disposed of before the IRA's political representatives in Sinn Féin are admitted to the cabinet.

This seems a rational and reasonable request. Mr Trimble, first minister in the new Northern Ireland assembly and leader of moderate unionism, has taken plenty of risks so far. Talking with terrorists is outside the normal rules of democracy. There is some revulsion within unionism at the accommodations already made. The release of those convicted of murdering and maiming tests the commitment of the most ardent peaceniks. Republicans must now give tangible proof of peaceful intent.

Bertie Ahern, Ireland's prime minister, has echoed Mr Trimble's call for IRA disarmament. Britain's Tony Blair has done likewise. As Mr Blair remarked this week, Sinn Féin can hardly expect to stack the IRA's guns under the cabinet table. An independent commission headed by the Canadian John de Chastelain stands ready to supervise their destruction.

The answer from Messrs Adams and McGuinness is unequivocal: no. As the latter said this week: "There is not the remotest possibility of the IRA responding." Conceding to unionist demands would be an act of surrender. Republicans don't surrender. Mr McGuinness, who speaks as Sinn Féin's chief negotiator, is prominent in the IRA's military councils. So we must take him seriously.

There have been roadblocks before in this process. Skilful language and quiet compromise have found a path around them. The strategy of the facilitators – the British, Irish and, frequently, the US government – has been to play for time: to put the hardest questions to one side by finding ambivalent formulae which simultaneously soothe the fears of unionism while acknowledging the aspirations of republicanism.

The Good Friday agreement allowed unionists to claim – rightly – that Sinn Féin acquiescence in the principle of consent marked an historic victory. Republicans had admitted that a united Ireland was conditional on the consent of the Unionist majority in the North. Yet the accord simultaneously endorsed the legitimacy of the goal of Irish nationhood. And it promised long-denied parity of esteem for the Catholic minority in the province. Success was built on ambiguity.

The reasoning all along has been simple enough. The longer the erstwhile terrorists were bound in to the democratic process, the harder it would make a return to violence. And if the republican leadership was intent on peace, it deserved help from democratic politicians. It would take more than a single leap for the IRA to make the transition from a war pursued through seven decades.

In this the British and Irish governments have operated on the assumption that the present republican leadership does want peace. But the IRA is far from monolithic. Some who have fought the war for one generation would see it continue for another five.

Ambiguity, the argument has run, helps Mr Adams and Mr McGuinness to bring them round. Force these two men to choose between a settlement with unionism and the unity of the IRA and the game is lost. The fate of Michael Collins, murdered in 1922 after putting his name to Irish partition, is too deeply engraved in republicanism's collective memory.

So the Good Friday agreement does not offer an answer to the present impasse. It confers an obligation on the IRA to disarm within two years. But read it carefully and there is no explicit link with Sinn Féin's admission to the executive. Mr Trimble's position, it must be said, speaks for the spirit of the accord. Mr Adams's stance seems closer to the letter. That was deliberate. Had both sides demanded clarity a year ago then neither would have signed.

Now, Mo Mowlam, the Northern Ireland secretary, is likely to play for time, delaying the establishment of the executive until the roadblock is cleared. Mr Trimble has suggested, alternatively, that the cabinet could be appointed and then "parked" until a compromise is reached.

President Clinton, who plays host to the province's politicians at the St Patrick's day celebrations in Washington later this month, may arbitrate. Mr Blair and Mr Ahern are ready to intervene directly. All agree a deal must be brokered before next month's anniversary of the Good Friday settlement.

There is a way out. Even now it is being quietly canvassed with the parties. It demands of Sinn Féin credible assurances that arms will be decommissioned within the timeframe of the agreement. Republicans must declare that the war is over. And the assurances – this is crucial – must be credible enough to receive the endorsement of General de Chastelain.

This compromise asks of Mr Trimble to acknowledge that, for the moment at least, decommissioning can be other than the physical destruction of weapons – to accept, in other words, that if the issue is forced, the present, intense, debate within the highest reaches of republicanism could go against Messrs Adams and McGuinness.

In other words, the process demands once again a certain ambiguity. That will be hard for unionists. But the question is as it has always been. What's preferable: ambiguity with peace or clarity and war?

LETTERS TO THE EDITOR

Little England's legitimate concerns

From Mr Anthony Mayer.

Sir, As a comment on the interesting article by Quentin Peel on the new north-south divide across Europe ("The EU's real split", February 25), is it really fair to characterise as the "British disease" the growing inclination of the north, led by Germany, in wanting its money back from the European Union? The FT often dismisses any criticism of Europe, including legitimate ones, as the petty expression of "Little England" (its 49m population is not much smaller than that of France or Italy), but this misses the fact that its net per capita contribution to the EU's budget is higher than that of the economically richer France, while its political influence remains mostly marginal.

On the opposite page, Sir Laurence Martin states (Letters) that the validity of France's decisions have always been corroborated by history – and that a war-prone Napoleon should be celebrated for his sense of innovation. But is that not logical for a country that can combine a good dose of diplomatic duplicity along with this old Gallic charm, so that it can hardly get things wrong in the end. As an example of its geopolitical aptitude, in the early 1980s France forcefully argued in favour of the deployment of US mid-range missiles and a strong Nato presence (outside its own soil), therefore avoiding officially aligning its own military forces and compromising its cherished façade of "independence" relative to the blocs and, especially, the "Anglo-Saxons" (a convenient nationalistic scapegoat).

Anthony Mayer,
308 West 103rd Street,
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Comparisons with 1930s are impossible

From Mr Richard Yamarone.

Sir, Had the US Federal Reserve failed to act in vigilance in its war against inflation, prosperity in the US would not be the foregone conclusion that Robert Reich implies ("The wrong war", March 3). Unfortunately, Mr Reich seems to be stuck on his severely flawed "Law of Living Memory" claim. It is not possible to compare deflationary conditions in the 1930s to the current low disinflationary environment. The economies are grossly different.

Those commodity-based industries driving economic growth in the 1930s (agriculture, rubber, smelting and refining) are seriously diminished today relative to total economic activity. What is more, they represented a significantly higher proportion of 1930s economic output. Current dominant industries such as satellite systems, computer, air and spacecraft, televisions and communications had not yet made engineer's blueprints and were then considered science fiction. Lumping the US's labour market with the cradle-to-grave-union-plagued European labour markets is just as nonsensical. Again, they are different economic systems, with different leadership and policymakers.

The one thing that can be compared across economies is the evil of inflation, its social and economic disruptive nature, and the ever-present need to wield a heavy hand against it.

Richard Yamarone,
senior economist,
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NY 10006, US

Ford Motors got there first with 33% interest in Mazda

From Mr Paul Hassett.

Sir, Are we to assume that Mr Clyde Prestowitz has just stepped off Perry's black ship?

In his Personal View, "The Japan that can say yes" (March 4), he comments that Robert Bosch's acquisition of a controlling interest in Zexel, the Japanese fuel injection specialist, "marked the first time since the beginning of the second world war that any Japanese auto-related company had come under foreign control".

He seems to have missed the boat on Ford Motor Company's 33.3 per cent controlling interest in Mazda Motor.

Paul Hassett,
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Tokyo 145-0064,
Japan

French Greens

From Mr Bruno Boissière.

Sir, Daniel Cohn-Bendit will be a distinguished MEP. But he will not, as your report suggests (March 1), be the first Green MEP to be elected by the French. Along with others, I served as a French Green MEP from 1989 to 1994.

Bruno Boissière,
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Between fame and infamy

Reading "Monica's Story", Gerard Baker finds a surprisingly sympathetic portrait of an intern – and a deeply unflattering one of a president

MONICA'S STORY
Andrew Morton
$24.95
St Martin's Press

Andrew Morton is the plastic surgeon of the soul. Glamorous women with disfiguring personality traits subject themselves to his surgical skills and are re-made in his caring hands. An unflattering history of self-detestation is tucked under here; excesses of emotional insecurity are sucked out there; the unsightly outgrowths of a miserable childhood are clipped everywhere.

When the work is done, the public face of the broken personality looks pretty good. He may not have done much to address some of the deeper-rooted flaws, but there she is: a newly confident woman ready to start over.

With the Princess of Wales the master craftsman's work was covert. His sleight of hand meant we had no way of knowing he had ever been near her. Instead the sympathetically bulimic, depressed, emotionally abused wife just emerged magically from his book out of the cocoon of the spoilt rich woman who could not handle life at the top. Only later did we discover that Diana had ordered and controlled the makeover herself.

With "Monica's Story", it is different. The very public Ms Lewinsky turned deliberately to the surgeon's skills to help with what seemed a hopeless case.

Thanks to the first, official, Monica's Story – otherwise known as "Referral to the United States House of Representatives Pursuant to Title 28, United States Code . Section 595" (author: Kenneth Starr) – we thought we had a pretty clear impression of this young woman.

A sexual predator, with one affair with a married man already behind her, she had set about getting her piece of action with the president of the United States, and then lied brazenly under oath about it. Voiceless television pictures confirmed the image of the somewhat overweight, spoilt, Beverly Hills-made fellatrix. Opinion polls put the percentage of Americans with a favourable impression of her at a consistent 10-15 per cent.

The cherubic face of the girl that stares out from the cover of the book, and the "bright, lively and witty young woman" who opens up within, is someone else.

Important facts are contradicted. She never said she was going to Washington equipped with her presidential kneepads, for example, as was widely reported; it was a phrase used of another White House worker. The president had not forgotten her name only days after their first sexual encounter, as told by Mr Starr. Their relationship was not a sordid series of quickies in the West Wing. They were "sexual soul mates".

It is hard to read of the extraordinary life of the young girl who succeeded Diana to become the most famous woman in the world, without yielding to aches of pity.

From the account of her parents' divorce in 1987 – her mother thought she and her brother would be pleased – to the taunts of her school friends about her weight ("Big Mac", she was called), the girl was a heartbreak in the making.

When, by some extraordinary twists of fate, she found herself the president's girlfriend, she believed it was the real thing. Her sad misreadings of his intentions may seem familiar to many young women. "Going on a first date" she thought to herself one day when he had rung her one morning in January 1997 and invited her over for a brief session in the Oval Office.

Though we have not yet heard the other side of the story, this picture of insecurity fits well with the central claim of Monica's Story – that she was a helpless girl, manipulated by a cast of evil characters around her.

She saves the hatred for Starr and Tripp but Clinton may end up with her lasting enmity

She saves the hatred for two people above all: Kenneth Starr and Linda Tripp. But it is hard to resist the feeling that it is the lover who spurned her – and whose escape from impeachment she helped engineer – who may end up with her lasting enmity.

The book could help her get her revenge on Mr Starr, whom, intriguingly it transpires, she never met. Mr Morton portrays him as the evil genius, ever in the background, orchestrating what Ms Lewinsky calls her public shaming.

The most revealing part of the book is her account of her detention by Mr Starr's men when they first confronted her with the potential consequences of her lying under oath about her affair with the president.

One of the prosecutors was about to fax a copy of her signed affidavit to her new lawyer from the hotel room where they were questioning her. He was stopped just in time by one of the others, fearful that it might indicate they had had contact with Paula Jones's lawyers - a claim they had firmly denied to Janet Reno, the attorney general when they had sought permission to expand their investigation of the president to the Jones case.

And though legal revenge may not visit Linda Tripp, whose name is spat out with venom at every reference, there is little question that the public at least shares Monica's feelings about her.

But above all, what emerges throughout is a powerfully unflattering picture of the president. In the end, she said, she felt he had treated her "like trash". Though she recounts tenderly the long intimate conversations they had in which he spoke of their possible future life together, even her attempts to portray him sympathetically backfire somehow.

Of one brief encounter she says: "He was in pain emotionally: that day he had received news of the first killing of an American serviceman in Bosnia." So what better way to relieve himself of this burden than to find sexually gratification with a 24 year old intern?

And though Ms Lewinsky cannot bring herself to acknowledge it, it is clear from the book that, had she not kept the famous blue dress, his early description of her to White House colleagues as a "stalker" would have become the received account. And no-one would ever have believed "Monica's Story" at all.

FINANCIAL TIMES

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Friday March 5 1999

The bad blood behind bananas

Bluster and brinkmanship are part of the standard armoury of international trade negotiators, but the world's two most powerful trading blocs are in danger of letting them escalate into destructive confrontation. The latest scrap between the US and the European Union in the interminable banana trade war threatens not only to sour their bilateral relations, but to inflict lasting damage on the World Trade Organisation, the body both did so much to create.

That is far too high a price to pay for the appeasement of narrow commercial interests, which is really what this dispute is all about. Both sides must pull back before more damage is done.

EU governments were understandably angry yesterday over the US decision to start enforcing customs measures against a range of European imports, without waiting for a WTO panel ruling. US officials have piously insisted for months that they would adhere to WTO rules, and accused the EU of flouting them with its banana import regime. Now the boot is on the other foot, because the US administration finds itself trapped by its own foolish deadline – conceded in order to head off hostile action in the Congress – to press ahead with retaliatory measures.

On the other hand, US impatience is also understandable. The EU prevaricated for 17 months, using every conceivable legal device in the rich lexicon of international trade legislation, in ducking the US charges over its banana import regime. Only recently has it been prepared to allow renewed arbitration.

Neither side has clean hands. The US government is responding to the massive lobbying power of one company – Chiquita – which seeks to dominate Central American banana production and the lucrative transatlantic trade. The EU has used protectionist methods, condemned by the WTO, ostensibly to protect the interests of small Caribbean banana producers. In reality the regime has largely benefited banana traders.

This is a plain, old-fashioned trade row, aggravated by weak leadership on either side. But far more difficult disputes are looming, which do not simply involve business lobbies, but deep differences in social and cultural attitudes across the Atlantic. They include issues like hormones in beef, antibiotics in food, and trade in all genetically modified products. These are not questions of blatant protectionism, but of more intractable differences.

The bad transatlantic vibrations have been aggravated by US concerns at the soaring trade deficit, and at the perceived unwillingness of Europe to share that burden. Things will only get worse if the two sides cannot deal with individual trade disputes in a more coherent way. The failure to reach any agreement in Cartagena last month on trade in genetically modified organisms is an ominous indication of the dangers ahead.

Better procedures and improved consultation are essential on both sides. On scientific questions, the experts must be brought together before open warfare breaks out. And heads of government must not try to avoid involvement. If they allow these disputes to fester, the whole range of transatlantic relations will suffer.

Dell and IBM

In November 1983, the 18-year-old Michael Dell had a confrontation with his parents over his college grades. He managed to hide the hand-made computers he was making behind the shower curtain, but his parents weren't impressed.

As Mr Dell tells it in his recent book, his father said: "You've got to stop with this computer stuff. Get your priorities straight. What do you want to do with your life?" "I want to compete with IBM!" said his son. Dad was not amused.

Today, 16 years later, Mr Dell is not only able to compete with IBM. He is able to make its share price jump 6 per cent with the news that he's planning to buy a bunch of IBM components, ranging from disc drives to flat-screen displays and high-technology chips. Significantly, Dell stock rose only about half as much when the deal was announced.

That is an appropriate response. The deal tells us more about IBM's comeback under Lou Gerstner than it does about Mr Dell's ambitions. Dell has always been rigorous in purchasing its components from whoever offered the best combination of technology and price.

The commitment to purchase from IBM tells us that the bigger company is now producing electronic components at costs that are competitive with the best elsewhere – including Asian producers helped by the region's devaluations.

More important, it tells us that IBM has finally managed to turn its unrivalled resources of technology into marketable products on a timescale that rivals the traditionally speedier third-party vendors.

IBM may have difficulty making a profit out of manufacturing and distributing PCs. But through its deal with Mr Dell, its rapidly growing components business has found a way of benefiting from the efficiencies of his direct distribution model. It has taken 16 years, but IBM has finally managed to infiltrate itself behind Mr Dell's shower curtain.

Hong Kong

This week's budget was always going to be a test of the basic philosophy that underlies Hong Kong's economic management. In responding to the worst setback in a generation, the government had to decide whether to cling to its traditional free market principles, or to adapt them to a new and different age.

In the event the latter course was chosen. Though the mass transit system is to be partially privatised and some government activities contracted out to the private sector, other measures – including the effort to boost tourism with a Disney theme park, the launch of a "cyberport" to boost Hong Kong's high technology skills, and even the financial market reforms – smack of a more directive approach.

Hong Kong is not yet another Singapore. The change is more subtle than that, but the government is taking a much more active role in deciding which industries it wishes to thrive in the territory, and which it is prepared to help. This is a significant shift, understandable in the present economic environment. It carries risks just the same.

Government leadership is nowadays necessary to ensure global standards of efficiency, regulation and settlement are met in the financial services sector. Hong Kong has a long tradition of providing infrastructure, from affordable housing to airports and container ports. Arguably, a well-regulated financial marketplace with a modern clearing system is only another form of infrastructure, but it is stretching this definition to extend it to a cyberport and theme park.

In the former case, the government appears to have struck a deal with one company rather than seek competitive tenders. In the latter, a government bent on promoting tourism is now negotiating an exclusive deal with a partner known to drive a hard bargain.

Short term, its position is weakened by the fact that the deal, for which it must make land available, has been pre-announced and public expectations raised. Longer term, Hong Kong is now on a path which seems to lead inexorably towards a more fully developed industrial policy.

Such a policy is inappropriate. Hong Kong has always been subject to more pressure from vested interests than its counterpart in Singapore. Though not a democracy, Hong Kong also boasts an articulate and demanding public. It confronts a government uncertain how to respond and untrained in building a political consensus behind difficult policies. Given that combination, industries do not need much lobbying skill to mobilise public support.

The best defence for a government vulnerable to such special pleading is to insist on letting the market decide. In moving away from that position, Hong Kong must be careful or it will find itself on a worryingly slippery slope.

Europhoria fizzles out

Alan Beattie and **Martin Dickson** ask whether the weakness of Europe's single currency is just a passing phase or perhaps evidence that a one-size monetary policy doesn't fit all

Ignoring the ever more frantic pleas from the German finance ministry, the European Central Bank's governing council again refused to cut interest rates yesterday. One of the reasons was no doubt the continuing weakness of the euro.

It wasn't meant to be like this. The single currency, born in the new year amid a wave of "europhoria", is turning out to be an unexpectedly sickly infant. Since the end of its first week the euro has fallen by 7 per cent against the dollar, and has shown similar weakness against the world's other large currencies. The predictions of the euro's most fervent supporters, that it would swiftly come to rival the dollar as a global reserve currency, show no signs of immediate realisation.

It would be foolish to judge the success of the new currency only weeks after its launch. But the fact that it has fallen so swiftly does raises questions about what drives the euro, how it is regarded by the markets, and what its current weakness might imply for its future business benefits.

In particular, the weakness raises the question: is it cyclical or structural? Is it largely the product of an unexpected slowdown in Europe's biggest economy (in which case the euro should strengthen when Germany's economic cycle turns up again)? Or is it evidence that Europe's "one-size-fits-all" monetary policy is proving hard to manage, as some critics forecast (in which case matters might not improve until the Continent's economies converge more closely).

The answer, of course, is a bit of each. The euro's decline certainly owes much to the state of the cycle. The weakness of the core European economies has become more evident, just as the US seems to have recovered from its wobbles last year. As a result, the paths of expected interest rates have diverged, pushing the euro down. The ailing German economy shrank by 0.4 per cent in the fourth quarter of 1998, while the US continued to boom, growing at an annualised rate of over 6 per cent.

The contrast between the two economies is reinforced by the sharply contrasting frameworks of monetary policy in the two countries. In the US, an independent Federal Reserve in broad consensus with the US Treasury presides over confident projections of continued US growth. In the euro-zone, wrangling continues between central bankers keen to assert their independence and Keynesian politicians desperate for a demand-side boost from monetary policy.

This has disappointed those, particularly in the US, who had assumed that the arguments in favour of independent central banks and a greater role for financial markets rather than meddling politicians had been won.

Stephen Roach, global economist at Morgan Stanley Dean Witter in New York, puts it this way: "The contrast couldn't be starker. Alan Greenspan appears in front of the US Congress, with Federal Reserve credibility at an all-time high. On the other side of the pond the ECB is off to an ignominious start, badgered by left-leaning politicians and facing a depreciating currency and a faltering economy."

This is where the one-size-fits-all question comes in. Economic conditions across the euro-zone differ sharply. Ireland is booming; Germany is near recession. The upshot is the first real test of the monetary policy on which the currency union rests.

Emu supporters argue that the euro's weakness is only temporary: though strains are bound to be great at the outset, they claim, the problems will diminish as euro-zone members slip into the same economic cycle.

Meanwhile, though, the stresses have sharpened the divide between Anglo-Saxon *laissez-faire* attitudes and European *dirigisme*. UK politicians, having laboriously constructed their own monetary policy framework, which is slowly gaining public acceptance, can look across to the Continent and for the first time in years conclude that they themselves have the better central banking system. This may temper euro-enthusiasm among UK policy-makers.

The contrast was evident two weeks ago at the Group of Seven summit in Bonn. Britons and Americans delivered a carefully co-ordinated message of the need for a balanced international recovery and for exchange rates to be allowed to find a level set by the market. The German press conference saw Hans Tietmeyer, president of the Bundesbank, sitting next to Oskar Lafontaine, the finance minister, but disagreeing publicly with his views on the appropriate level for the euro and the wisdom of target zones for currencies.

Talk of a euro-zone representative at the IMF or the G7 rings rather hollow while public disagreements continue. US policymakers at the moment are keener on castigating their European counterparts for their failure to share the burden of reviving global consumption, and absorbing exports from east Asia, than on seeking their opinions.

All this could slow down some of the developments to which European business people and economists looked forward when the euro was launched: in particular, a new reserve currency, deeper capital markets, lots of euro-denominated debt.

Before the launch it was estimated that $200bn of central bank currency reserves were waiting to be invested in the euro. But this money has either been slow in arriving, had already moved into euro currencies last year, or has been outweighed by private investors taking money out of the euro-zone. Some economists think the banks' switch may be spread over several years and will be insignificant relative to private sector flows. That is slowing down the euro's path to reserve currency status.

The currency should eventually be buttressed by deep and liquid euro-zone capital markets, but that cannot happen overnight – and policy disarray could retard the process.

Mark Seigel, head of Morgan Stanley's fixed income syndicate activities, says that "the advent of the euro is a huge, watershed event and we think it is likely it will eclipse dollar issuance in Europe. But we expect it will take several years to develop a well-functioning capital market".

John Walsh, Credit Suisse First Boston's co-head of global capital markets, agrees: "The funds available for the euro corporate market, and the lack of alternatives, are staggering. But it's got to be an evolutionary process, establishing big benchmark issues first and then filling in with smaller deals."

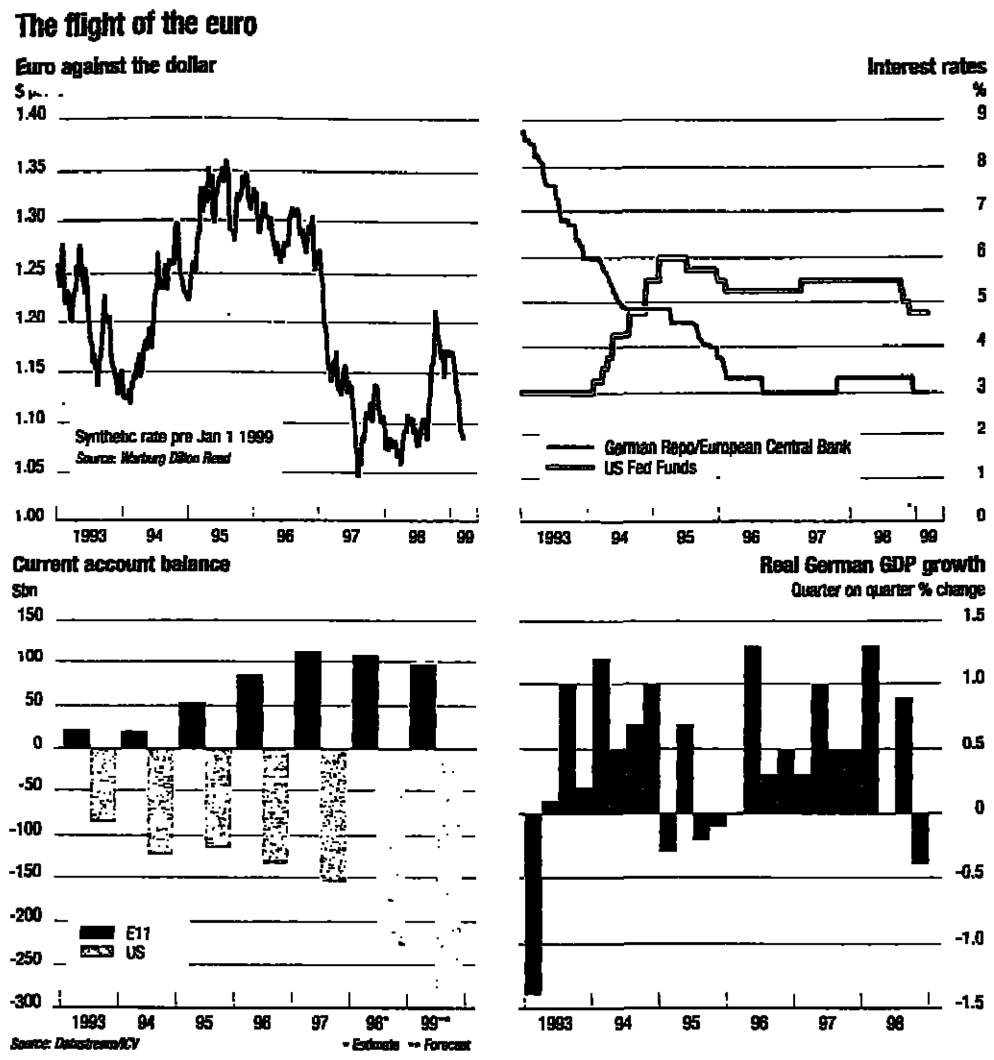
Some of those benchmark issues have been launched but more will be needed before Europe's capital markets come to rival the US's in liquidity.

There seems little prospect of the euro strengthening significantly over the next few months. If the relative strengths of the US and EU economies continue to drive the new currency, it could fall further – towards parity with the dollar – probably provoking intervention by the euro-zone central banks.

The dollar's only evident source of weakness is the huge US current account deficit, which should eventually place downward pressure on the currency. A sudden collapse in global investor confidence, perhaps sparked by a US equity market correction, could also bring the dollar crashing down. But absent this, the euro looks at best to be in for a slow and possibly bumpy appreciation.

That said, hand-wringing over the euro's value may be overdone – a relic of the traditional obsession of Europe's small, open trading economies with foreign exchange valuations. The euro-zone is a much more closed economy, with external trade accounting for 10 per cent of gross GDP, only fractionally more than in the US.

"Europeans will have to change their mindsets and stop thinking so much in terms of strong and weak currencies," argues one US economist. "The external rate now matters by a fraction of what it did before." But the divisions over what interest rate to set when some economies are booming and others slumping remain as acute as ever.



America is unimpressed

Distance makes the mind grow sceptical: 3,000 miles away from the great European experiment, Americans are doubtful that Europe can make its single currency a lasting success, particularly with all the squabbling going on between politicians and central bankers.

"The dominant reaction to the euro is one of optimistic scepticism," says John Lipsky, chief economist at Chase Manhattan Bank. "A common view is that it's a good idea, if they can pull it off. But can those disparate countries subsume their national interests and provide a pan-European policy?"

Officially, US policy is strongly supportive of economic and monetary union, which Washington believes has the potential to increase European, and world growth. But these expectations are tempered by concern that Europe is not playing a greater role in bolstering the global economy.

US policymakers do not appear concerned about the euro becoming a reserve currency alongside the dollar. They say the US always wanted the D-Mark to play a more prominent reserve role, and that a deep, liquid euro capital market should stabilise the value of the dollar.

C. Fred Bergsten, director of the US-based Institute for International Economics, takes a contrary view. In the March/April issue of Foreign Affairs magazine, he says the rise of the euro and a sharp decline in the dollar could become a contentious transatlantic issue. He calls for new strategies and institutional arrangements between the two trading areas, including agreement on a target range for the euro and dollar. But US officials say exchange rates should be left to the market, to reflect the long-run efficiencies of domestic economies.

US multinationals mostly welcome the euro. Their experience of the large North American product market will stand them in good stead in the euro-zone, while an efficient euro capital market will provide competition for the dollar, pushing down funding costs.

But while America's largest corporations have been ready for the euro for some time, smaller companies are only belatedly waking up to its significance.

A leading consultant who advises American companies on the euro says limited US press coverage of the launch of the currency compounded a widespread belief that the euro was "not a big issue". Companies, he says, thought of it as "a currency code change . . . something they need to do in treasury."

The euro, however, has implications for any US company selling in Europe. Even businesses paid in dollars must ensure their distributors are euro-compliant, lest customers switch to companies which are. Anecdotal evidence suggests some companies feel they are losing sales because of their slow adaptation. But getting companies to put a disciplined euro programme in place can be, as the consultant puts it, "like pushing jello uphill".

OBSERVER

Fancy a flutter?

Glen Clark, premier of the Canadian province of British Columbia, must have thought things couldn't get any worse. His electorate no longer loves him – his popularity has slumped as low as 11 per cent in the polls and his pet project to build fast ferries is $200m over budget and sinking fast.

But after this week's events, that looks like the good news. The local law, with television cameraman in tow, have just raided the premier's Vancouver home. Clark is under investigation after police closed an illegal gambling operation run by the premier's neighbour and pal Dimitrios Pilarinos, who's now under arrest.

Clark has denied any wrongdoing. But if nothing else, the police raid has prompted some raised eyebrows about his choice of friends. Pilarinos is not exactly a great advertisement for good old family values: he ran his alleged gambling club in the basement of the North Burnaby Inn, a local strip joint.

If Clark's ousted, he'll become the third straight premier on the wacky west coast to go out on the wings of a scandal. His predecessor resigned after the party was accused of diverting money from charity bingo into political campaigns, while the premier before that left after revelations of a dubious private transaction in which he pocketed $20,000 in cash from a Taiwanese billionaire. Let's hope it isn't catching.

Bank charges

What comes around goes around – as a Danish jobbing actor found while taking part in a reconstruction of a bank robbery. The TV star, who is said to use the stage name Dennis B, was running over his lines before the cameras started rolling, when a thief broke into the bank and stole $20,000.

Observer hears the bemused thespian thought the robbery was a prank, but when the truth dawned on him he looked out for some acting tips.

True to form, though, Criminal Inspector Uwe Petersen – the policeman booked in to supervise the reconstruction – arrived after the real crime had been perpetrated. At least there was a decent eye-witness.

Smelling sweet

Filipinos are getting sniffy about their president. After watching his films and voting him in, the favoured few can now enjoy the privilege of smelling like president Joseph Estrada. Rumour has it Estrada's loyal staff have been handing out special bottles of presidential cologne to friends and supporters.

All well and good. But Observer wonders if the missive said to adorn the perfume's packaging isn't a little misguided. "Capture him in a scent all his own. Simple, essential, leaving strong impressions on every man and woman."

Estrada, it will be remembered, has left a strong impression on more than a few women, if not men. The self-confessed former womaniser has publicly acknowledged siring 10 children by women other than his wife. What's more, a beauty-queen recently announced she too was the offspring of an Estrada alliance.

Presidential staff initially denied the tale, but Estrada has since provided her with financial assistance. Who knows? Perhaps she's even been the lucky recipient of some perfume.

Husky voices

Telecoms companies are going to the races. First ICO Global Communications, the hand-held satellite phone group, sponsors Richard Branson's balloon, and then Cable & Wireless does the same for the latest world record attempt. Now Iridium, ICO's troubled rival, is getting in on the action.

And how. It's decided to sponsor a Sled Dog Race which runs for 1049 miles from Anchorage to Nome in Alaska. Iridium will provide organisers and competitors with satellite mobile phones, which can be used everywhere from the pinnacle of an iceberg to the middle of a desert.

Presumably Iridium, which has been having difficulty selling its $3,000 handsets, has plenty spare to help out as many huskie-driving Alaskans as want them.

But are Iridium's grim-faced bankers, who are to discuss rescheduling $800m of the group's debts, aware of this latest wheeze? They're probably too snowed-under.

Overnight money

Wall Street is getting yet another marble palace. But Observer's relieved to hear that, for once, it's not a bank headquarters but a hotel – the first ever on the Street. The Regent International chain is planning to build a 140-room luxury abode at 55 Wall Street – previously home to the Merchant's Exchange and the spot where Herman Melville embarked on writing his great tome, *Moby Dick*.

Regent is spending an eye-popping $80m refurbishing the place. But when the builders have packed up their chisels and blowtorches, they'll have left a Grand Ballroom with landscaped rooftop garden, Italian chandeliers and marbled bathrooms. All those investment bankers who spend night after night falling asleep at their desks should take note.

The Financial Times

50 years ago

U.S. Concession
New York, March 4. The decision of the Federal Reserve Board to relax instalment credit controls as from Monday next has aroused considerable interest here, for it is the first official acknowledgement that retail sales all over the country are lagging. Hire-purchase buyers will be allowed 21 months to complete the transaction (compared with the 18 month limit now operating) in respect of amounts of $1,000 or more or 15 months for deals of smaller amounts. This fiscal action is contrary to speeches and assurances of officials who have been saying all is well.

German Imports
Frankfurt, March 4. The Joint Export-Import Agency has now issued the first monthly list of items which may be freely imported by Germans under the new procedure which requires no previous approval. More than half of the free purchases in Europe are expected to be made in Austria with the Benelux countries coming in second place. The only two Iron Curtain countries on the list are Finland and Czechoslovakia.

BOWENS INTERNATIONAL A WORLD LEADER IN PHOTOGRAPHIC LIGHTING
WOLSELEY

FINANCIAL TIMES
FRIDAY MARCH 5 1999

ECCLESIASTICAL

THE LEX COLUMN

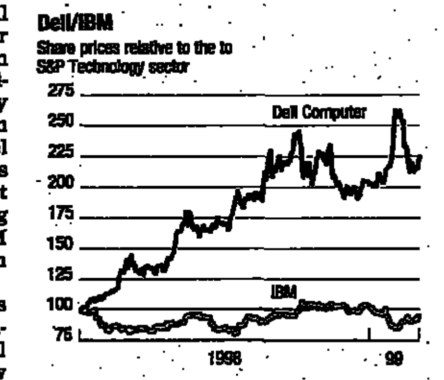
Big Blue yonder

IBM is good at making computers. Dell Computer is good at selling them. Their $16bn technology pact recognises each other's strengths. Dell broadens its product range by offering customers a panoply of IBM's cutting-edge components, from high-density disc drives to flat-panel screens. IBM gets to pump more of its products through Dell's super-efficient direct sales network, which is growing three times as fast as rivals (IBM included). It looks like a deal from which both should profit.

Having said that, their agreement raises a number of conflicts. Though non-exclusive, it is worth asking how Intel will feel about Dell's decision to buy IBM's new chip sets. IBM, meanwhile, is clearly aiding a competitor to its own personal computer operation, though that is being de-emphasized compared with services, software and the new technology products division – which is now a $6.6bn business growing at 40 per cent.

There is always a degree of hype in such announcements. At one level this is just a big procurement contract, with Dell's $16bn of purchases spread over seven years. But it could turn into more if the two – as envisaged – start cross-licensing patents and Dell taps into IBM's vast pool of research and development. And if PC sales really are slowing – and after wobbles at Compaq, Micron Electronics and Dell itself, investors are rightly worried – such alliances should at least afford a degree of protection.

Dell/IBM
Share prices relative to the to S&P Technology sector



Source: Datastream/ICV

Volvo/Fiat

Volvo's Latin admirer is not giving up easily. Reasonably enough, Fiat is pointing out – ahead of Monday's shareholder vote on Ford's purchase of Volvo Cars – that the SKr50bn ($6.1bn) headline price tag was a little exuberant. Buried in the sales documentation it emerges that $1.6bn will be deferred – interest free – for two years, making it worth $300m or so less in today's money. Other "adjustments" knock off another $500m.

So what looked at first glance like a good price has now lost some of its gloss. The trouble is that unless Paolo Fresco, Fiat chairman, or anyone else, offers them a decent alternative to chew on, there is little shareholders will want to do about it. A vote against the sale would be inappropriate. Since that would only invite a foreign takeover, compromising Volvo's status as Sweden's pre-eminent industrial company, it is anyway unlikely to happen.

Assuming the car sale goes through, Volvo will be under such heavy pressure to park its cash somewhere that it is almost certain to overpay for whichever lucky truckmaker or construction equipment firm it finally settles on. Its weakening share price reflects this danger. But if it waits too long for the froth to leave the shares of such obvious targets as Scania and Navistar, it risks being mugged itself. Will Fiat wield the cosh? The sale of the car division has not significantly reduced the synergies available. But as Fiat is reluctant to go hostile, its current unpopularity in Göteborg lowers the chances of such a deal's happening. That may be just as well. Although a deal between Volvo and Fiat's Iveco trucks unit would have strong industrial logic, Fiat is better off, for now at least, concentrating its resources on sorting out the dismal margins at its own car operations.

KBC/CCF

KBC has bought an expensive seat at the French banking consolidation table. Paying €112.50 a share for 8 per cent of Crédit Commercial de France – 40 per cent above the already overheated share price – is a bold move by the Belgian financial services group. CCF is no Lloyds TSB. It made a 12 per cent return on equity last year, about average for its moth-eaten domestic peer group. But while local rivals trade on just 1.5 times book value, KBC is paying a punchy 3 times.

So has KBC gone soft in the head? Not wholly. Along with other Benelux-based banks, it faces a problem. Consolidation is played out in the Benelux countries and survivors are looking for deals elsewhere. The difficulty is that opportunities are few and far between. Now with a 12 per cent stake, KBC may not have control, but it has a say should the French bank sell itself. KBC is not alone in taking this view. Another Benelux bank, ING, already has 9 per cent. Indeed, KBC has had to pay a rich price partly for not getting in first.

To be fair, CCF is an attractive target. Not only is it bite-sized and available, but the French government does not seem to regard it as a strategic asset. However CCF is likely to resist any bid until it has restructured further, meaning both suitors will have to be patient. Arguably, Benelux banks would be wise not to tread on each others toes in stalking targets. In this light, ABN Amro's decision to buy 8 per cent of unloved Banca di Roma seems sensible.

Rolls-Royce

Rolls-Royce's results looked as though they deserved a smoother ride. The UK engine manufacturer combined enviable 10 per cent top-line growth with pre-tax profits up 18 per cent. Furthermore, Rolls boasts a record order book, representing some three years sales. As with British Aerospace, however, there are questions over whether Rolls can sell profitably too. The need for higher research and development spending next year is something of a worry. And all too often three-cornered bids for original equipment contracts – General Electric and Pratt & Whitney being Rolls' rivals – seem to degenerate into margin-slashing contests.

Still, if the group can continue to hit its double-digit earnings target year after year and return 16 per cent on its capital employed these worries are overblown. True, companies are increasingly moving in on each other's high margin aftermarket service contracts. But that is a game Rolls can play too. To judge from these results, it is not being beaten up in its own backyard yet.

Japan seeks British help in CSFB investigation

By Gillian Tett in Tokyo

The Japanese government has asked British regulators to co-operate in an investigation into whether Credit Suisse First Boston helped Japanese clients conceal losses through CSFB's London and Tokyo operations.

The move comes as the Financial Supervisory Agency, Japan's banking watchdog, is intensifying its own inspection of CSFB, which began in mid-January. The FSA is also inspecting Kokusai Securities, Japan's fourth largest broker, in connection with the case.

CSFB yesterday refused to comment. However, the inspection has delivered an embarrassing blow to the bank's reputation, especially as it coincides with the bank's suspension of three London employees – members of the so-called Flaming Ferraris group of high-living dealers – over allegations of manipulation of the Swedish equity market.

Yesterday, with the results of an investigation into that allegation due to be published within days, Adrian Ezra, one of the three, resigned.

CSFB is said in the City to be far more concerned about the impact of the Japanese investigation because of its ambitions in that market.

Japanese government officials have indicated that conclusive evidence of malpractice at CSFB will mean action against the bank. In the worst case, this could lead to large penalties, or even suspension of CSFB's licence in Japan.

Neither the Japanese agency nor the British Financial Services Authority have commented. The audit is regarded as a critical test for the Japanese regulator, which is scrambling to show that it can enforce global standards on the traditionally lax Tokyo markets.

The CSFB inspection is the agency's first surprise inspection of a foreign bank since it was established last year. The case is being closely watched by western banks, some of which have engaged in ambiguous trading practices in the past in Tokyo.

The FSA has assigned almost 40 officers – nearly a third of its inspectors – to the audit, which is expected to last several more weeks. Past inspections of foreign banks have lasted only a few weeks and involved fewer than a dozen inspectors.

Government officials are also considering whether to ask the Tokyo police to examine whether CSFB has broken a law that bans financial institutions from obstructing regulatory inspections by concealing documents.

The FSA inspection is being conducted at four of CSFB's subsidiaries: CS Financial Products, CS Trust and Banking, CSFB Tokyo Branch and CSFB Securities. It is examining several aspects of the bank's business, including whether the bank used derivative trades to conceal losses at failed financial institutions. Separately, Japanese government officials are also investigating Japanese institutions, such as NCB and LTCB, for concealing their losses.

Additional reporting by Jane Martinson

Banks outraged by plan for cushion on operational risk

By George Graham in London

Banks are up in arms over plans to make them set aside capital as a cushion against their operational risks – part of the biggest overhaul of international banking capital rules since 1988.

The Basle Committee, which brings together banking supervisors from the leading industrialised nations, is on the point of publishing draft proposals for a revision of its capital accord, which sets out minimum levels of capital for banks active in international financial markets.

The current rules concentrate on credit risk – the danger that borrowers might default on their debts – which remains the biggest risk for most banks.

Banks are required to hold capital equivalent to 8 per cent of their assets, weighted according to risk.

However, a consultative paper to be published within the next month will propose refinements to this formula, sometimes known as the Cooke ratios, after its originator.

At present, the rules allow only five different risk categories, but the new paper is expected to introduce a much wider spectrum of weightings.

Some bankers estimate the modified formula could reduce the average minimum capital requirement from 8 per cent to around 6.25 per cent – a bonanza worth around $14.5bn to the world's 100 largest banks.

But supervisors want to offset that reduction by requiring banks to hold extra capital to cover risks not included in the old credit risk formula, principally operational risk. Commercial banks say the move is fundamentally flawed.

"It's a horse trade, frankly. We are being asked to accept an operational risk charge in exchange for a more precise credit risk measure," complained one European banker.

Operational risk can cover anything from a hurricane knocking out computer systems to staff fraud or sickness, and is notoriously difficult to quantify.

Although a handful of banks, such as Bankers Trust, have internal measures, many say operational risk should be addressed by internal systems and controls, not by setting aside capital against it.

Tom de Swaan, a former chairman of the Basle Committee and now chief financial officer of ABN Amro, the Dutch bank, said: "It's not workable. Clearly operational risk is a risk you have to manage, but to set a specific percentage on it is the wrong approach."

One method considered by the Basle Committee for calculating a capital charge on operational risk is simply to take a percentage of a bank's operating costs, as a broad gauge of the extent of its business.

This has outraged even those bankers who believe operational risk is measurable.

They say it would have perverse consequences. For example, any bank wanting to invest in new computer systems to improve its risk management would find its supervisors requiring it to set aside more capital, not less.

Pondering capital adequacy, Page 4

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British foreign secretary Robin Cook (left) meets Igor Ivanov, his Russian counterpart, in Moscow for talks on Kosovo. Page 2 Reuters

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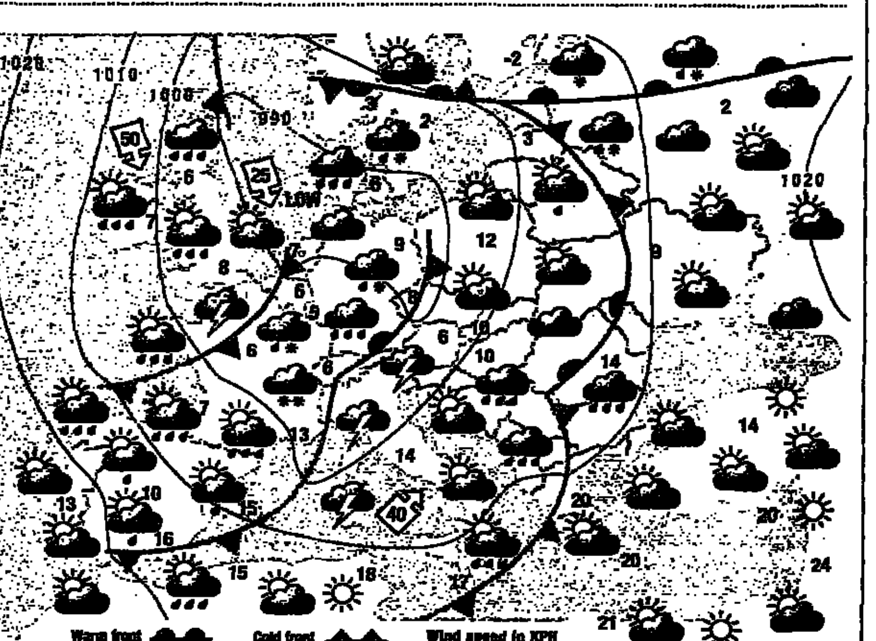
FT WEATHER GUIDE

Europe today

Northern and western parts of Scandinavia will be cold with some sun. Southern Norway and Sweden will have sleet and snow flurries and Denmark will have outbreaks of rain. Western and central Europe will have heavy and thundery periods of rain, with fresh snow over the Alps, as successive frontal systems move south-east. The Balkans and Greece will see heavy rain but the far east of the Mediterranean will be sunny. Eastern Europe will be mild with just the odd shower and a small band of sleet and snow in Russia.

Five-day forecast

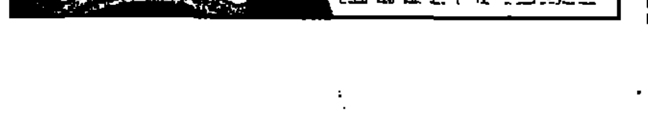
Western Europe will have frequent showers over the weekend, turning wintry. However it will become milder next week as a band of rain moves into the north-west. The eastern Mediterranean will have heavy and thundery downpours until the middle of the week.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	cloudy	21
Accra	fair	33
Algiers	hail	15
Amsterdam	shower	7
Athens	fair	20
Atlanta	rain	17
B. Aires	thunder	28
B.ham	shower	6
Bangkok	fair	35
Barcelona	sun	15
Beijing	sun	6
Belfast	hail	5
Belgrade	shower	16
Berlin	shower	9
Bermuda	sun	21
Bogota	rain	19
Bombay	sun	33
Brussels	shower	6
Budapest	shower	10
C.hagen	rain	6
Cairo	fair	23
Caracas	cloudy	29
Cardiff	hail	7
Casablanca	fair	17
Chicago	sleet	3
Cologne	shower	6
Dakar	sun	23
Dallas	cloudy	7
Delhi	sun	32
Dubai	cloudy	25
Dublin	shower	7
Dubrovnik	thunder	14
Edinburgh	shower	6
Faro	fair	15
Frankfurt	shower	9
Geneva	rain	6
Gibraltar	fair	17
Glasgow	shower	6
Hamburg	rain	8
Helsinki	snow	-2
Hong Kong	fair	23
Honolulu	fair	27
Istanbul	fair	16
Jakarta	shower	32
Jersey	shower	8
Johannesburg	fair	30
Karachi	cloudy	28
Kuwait	sun	20
L. Angeles	fair	19
Las Palmas	fair	20
Lima	cloudy	28
Lisbon	fair	13
London	fair	6
Lux.bourg	rain	3
Lyon	rain	6
Madeira	fair	17
Madrid	fair	10
Majorca	fair	15
Malta	fair	17
Manchester	hail	6
Manila	cloudy	31
Melbourne	fair	25
Mexico City	shower	28
Miami	sun	25
Milan	fair	12
Montreal	snow	-6
Moscow	cloudy	2
Munich	rain	7
Nairobi	sun	25
Naples	thunder	12
Nassau	sun	25
New York	cloudy	3
Nice	sun	13
Nicosia	fair	20
Oslo	sleet	3
Paris	shower	6
Perth	sun	26
Prague	rain	8
Rangoon	sun	36
Reykjavik	snow	-4
Rio	thunder	24
Rome	thunder	14
S. Frsco	fair	16
Seoul	cloudy	16
Singapore	cloudy	30
Stockholm	sleet	3
Strasbourg	rain	8
Sydney	shower	26
Tangier	fair	16
Tel Aviv	fair	24
Tokyo	cloudy	17
Toronto	cloudy	-4
Vancouver	cloudy	8
Venice	shower	10
Vienna	shower	6
Warsaw	fair	12
Washington	fair	10
Wellington	shower	21
Winnipeg	fair	-6
Zurich	rain	5



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COMPANIES & MARKETS

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FRIDAY MARCH 5 1999

Week 9

THE LITCHFIELD GROUP OF COMPANIES
NO to monetary union
NO to VAT enlargement
NO to European tax control
NO to greater control by the Brussels bureaucrats

INSIDE

KBC acquires further stake in CCF
KBC, the Belgian bank, has acquired a 7.8 per cent stake in Crédit Commercial de France, the French bank, raising its overall stake to 12.5 per cent, and increasing the likelihood of a battle for control of CCF, whose other main shareholders include Swiss Life, the insurance company, and ING, the Dutch banking group. Page 23

Microsoft to upgrade MSN website
Bill Gates, chief executive of Microsoft, the world's largest software company, has announced initiatives to improve the group's MSN website and place Microsoft at the forefront of internet-based commerce. Page 24

Merger talk drives automotive stocks
Merger speculation has pushed up shares in Sweden's largest automotive groups. In three months Scania shares have climbed almost 50 per cent, while Volvo's most commonly traded B shares have climbed 23 per cent. Page 42

Drought threatens India's tea crop
India's tea crop is under threat after Assam and West Bengal, the two eastern states that account for nearly 75 per cent of India's crop, failed to receive any rain. Officials say March tea production in eastern India could fall to 10m kg from 30m kg in March 1998. Page 32

Debt restructuring key to recovery

Last month, creditors of Thailand's Alphatec Electronics, with new foreign investors, saved the group from liquidation. The move – Thailand's first court-supervised business reorganisation – has sparked a series of similar deals. Tarrin Nimmanahaeminda, finance minister (left) has stressed that corporate debt restructuring and bank recapitalisation must be attacked to ensure Thailand's economic recovery. Page 20

Turkish bank ratings downgraded
Duff & Phelps has downgraded the local currency ratings of the Turkish banks it covers, citing risks from banks' general strategy of increasing their short positions to benefit from high rates of return on Treasury bills. Page 30

Agusta-Westland deal due
Finmeccanica, Italy's state-owned conglomerate, plans this month to merge Agusta, its helicopter subsidiary, with Westland, run by GKN. The merged group will have a 20 per cent share of the world's helicopter market. Page 22

Fall in tourist spending hits HK group
Hongkong & Shanghai Hotels posted a loss of HK\$1.82bn (US\$235m) last year, versus a net profit of HK\$114m in 1997, after a drop in tourism and spending in Asia. Tourist arrivals fell 8 per cent in Hong Kong last year. Page 25

COMPANIES IN THIS ISSUE

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MARKET STATISTICS

SEVEN YEAR PACT TO INVOLVE CLOSE CO-OPERATION IN THE DEVELOPMENT OF NEW COMPUTER TECHNOLOGIES

IBM and Dell unveil \$16bn IT swap deal

By Louise Kehoe in San Francisco

International Business Machines and Dell Computer, the world's second largest manufacturer of personal computers, yesterday forged a \$16bn purchasing pact believed to be the largest of its kind in the information technology industry.

Under the agreement IBM will supply Dell with a broad range of computer components over the next seven years. It represents a significant breakthrough for IBM , which began a broad effort to sell technology components to third parties in 1993 and formed a business unit to address the market last year.

Dell, founded by Michael Dell, chairman and chief executive, will purchase storage, semiconductor, networking, and display components from IBM for use in Dell systems. The agreement also includes broad patent cross-licensing between the companies and collaboration on the development of future technology.

The agreement would enable Dell to tap into IBM's rich technology resources, said Mike Lambert, Dell's senior vice-president. The patent cross-licensing element of the agreement will also clear the way for both companies to talk openly to one another about technology developments.

The agreement may also give Dell preferential pricing and early access to new IBM technology, giving the PC manufacturer a competitive advantage, industry analysts said. Dell ranks second only to Compaq Computer in the PC market, with 12.8 per cent market share, according to International Data Corporation.

IBM said the agreement did not imply any change of strategy in its own personal computer business. Rather, it was a means for IBM to gain revenues from its substantial investments in the development of component technologies.

Lou Gerstner, IBM chairman and chief executive, has established the technology components business as one of three top priorities for IBM's growth, along with computer services and software.

According to IBM, \$16bn is the estimated value of purchases to be made by Dell over the life of the agreement. Dell said there were significant financial incentives to meet or exceed that goal.

"It is a major proof point in the establishment of our technology group formed in August last year," said James Vanderslice, IBM's senior vice-president. IBM's technology components business had grown at a 40 per cent compounded annual rate over the past five years to total \$6.6bn last year, he said.

Dell said that in the short term, at least, it did not expect the agreement with IBM to have a significant impact on its other component suppliers.

However, IBM said it hoped to gain share in some market segments. Currently, Dell's top of the line business personal computers, for example, include disc drives supplied by Maxtor, and network interface technology from 3Com.

IBM's shares were trading at $\$174\frac{7}{16}$ in mid session yesterday, up $\$7\frac{11}{16}$ or 4.6 per cent from Wednesday's close. Dell was up $\$2\frac{7}{16}$, or 3 per cent, at $\$83\frac{3}{8}$.

Lex, Page 18
Editorial Comment, Page 17

Working hand in hand: Michael Dell, left, and IBM's chairman and chief executive Lou Gerstner AP

MetroNet and AT&T Canada in \$4.58bn merger

By Scott Morrison in Toronto

AT&T Canada and MetroNet Communications, the Canadian telecommunications company, have agreed a merger that would create a powerhouse valued at C\$7bn (\$4.58bn) and capable of providing national, local and long-distance services.

The agreement contains a provision that would enable AT&T, the US parent, to acquire full ownership of the merged company should Canada relax foreign ownership restrictions. In the meantime, however, it will have a minority shareholding in the combined company, to be called AT&T Canada.

It would become the first national carrier to provide customers with local and long-distance voice, data, internet and e-commerce services, as well as wireless services through Cantel AT&T.

The merger is the latest in a wave of consolidation that has swept Canada's telecoms sector as incumbent carriers and alternate service providers respond to deregulation. Analysts said the companies were a good fit. AT&T brings its vast long-distance voice and data network, as well as a strong corporate customer base, while MetroNet contributes a modern local service network and a presence among smaller businesses.

Under the agreement, MetroNet would issue 21m new shares to AT&T, valued at C\$1.39bn, giving the US corporation 31 per cent of the enlarged Canadian company's non-voting shares. MetroNet shareholders would control the remaining 69 per cent. AT&T would also acquire 23 per cent of MetroNet's voting shares. The deal is expected to close in the second quarter of 1999.

Officials said the combined value of AT&T's assets, MetroNet's shares and combined debt totalled about C\$7bn. Craig Young, MetroNet's chief executive, would serve as vice-chairman and president for the combined company, while AT&T Canada's James Meenan would be vice-chairman and chief executive.

MetroNet shares were trading at C\$71.50 at mid-session yesterday.

Deal creates giant, Page 24

Philips launches cash offer for VLSI

By Gordon Cramb in Amsterdam, Paul Taylor in London and Louise Kehoe in San Francisco

Philips, the Dutch electronics group, last night launched an unsolicited offer for VLSI Technology after the Silicon Valley chipmaker delayed its response to Philips' \$777m takeover approach, made last Friday.

The cash bid was made at the same \$17 a share Philips had proposed after talks last week with Al Stein, VLSI chairman. In the past few days VLSI shares have been trading above that level on Nasdaq amid market expectations that a "white knight" counter-offer would emerge, or that Philips would have to pay more.

After the announcement yesterday, VLSI shares were $\$1\frac{3}{16}$ higher at $\$18\frac{7}{16}$.

Philips said the offer was "not intended to inhibit negotiations" with Mr Stein, who had talks last week with Cor Boonstra, president of the Amsterdam-based group. Late on Wednesday, in response to a deadline set by Mr Boonstra, VLSI said its directors had an "open mind" but would not evaluate the bid until a March 23 board meeting.

Hostile bids are rare in the information technology industry, where the value of a company depends in large measure on its human skills. Philips has said it would offer incentives to retain management and staff.

US semiconductor industry executives said VLSI had received several informal takeover offers over the past two years, but Mr Stein had rejected all of them.

In particular, LSI Logic, another Silicon Valley chipmaker, is understood to have been ready to make a stock bid, valued at close to \$30 a share, last summer.

Since then, several senior executives have left VLSI, blaming Mr Stein for sabotaging a potential deal with LSI.

Philips said VLSI would accelerate digital product development across the group. While primarily intended to strengthen Philips' semiconductor division, "the wireless business of VLSI is very interesting to us."

VLSI has pioneered "Bluetooth" radio technology, which links devices such as mobile phones, portable PCs and digital organisers. Bluetooth has emerged as an industry standard, backed by more than 400 companies.

Philips said it would ask VLSI to nullify a poison pill defence, under which Philips could not acquire more than 20 per cent of VLSI without other shareholders being offered stock at half price.

ABN Amro close to Italian link

Banca di Roma target for alliance

By Paul Betts in Milan and Gordon Cramb in Amsterdam

Banca di Roma is set to announce today a strategic alliance with ABN Amro, the Dutch banking group, which is expected to acquire an 8 per cent stake in the privatised Italian bank.

The Dutch banking group, which has been seeking to expand its European presence, is also expected to acquire control of Banca Nazionale dell'Agricultura (BNA) from Banca di Roma.

The Rome bank controls 48 per cent of BNA. ABN Amro is expected to pay around L1,300bn-1,400bn (\$742-799m) for this stake and subsequently bid for the rest of BNA's outstanding shares. The overall cost of BNA would amount to around L2,600bn, Milan bankers said last night.

With an 8 per cent stake in Banca di Roma, the Dutch group would become the Italian bank's main core shareholder along with the Toro insurance company, controlled by the Turin Fiat automotive group, which also holds 8 per cent of Banca di Roma.

The proposed deal is likely to have significant repercussions in the Italian banking industry and open a new phase of consolidation.

Banca di Roma has been in on-off negotiations for nearly two years to merge with Milan's Banca Commerciale Italiana. However, BCI has been reluctant to tie the knot and the expected deal between Banca di Roma and ABN Amro was widely seen by financial analysts as bringing to a close the complex and at times acrimonious merger attempts with BCI.

ABN Amro has a strong international network but has so far failed to establish a domestic customer base of any size in another euro-zone country. Last June it conceded defeat to the Belgo-Dutch Fortis in a battle for Générale de Banque, Belgium's biggest bank. That followed an unsuccessful attempt to win CIC in France.

Apart from the Netherlands, its main markets are the US Midwest and more recently Brazil – where it last year bought two banks just before that country underwent renewed currency upheaval.

Jan Kalff, ABN Amro chairman, said last week his bank had its "foot on the ball", actively seeking acquisition targets in western Europe. He named Italy, Germany and France as countries where he was keen to secure a presence. Mr Kalff was announcing a modest 4.5 per cent rise in net profits last year for ABN Amro, which has total assets of €432bn (\$480bn).

Banca di Roma has undergone extensive restructuring and is still burdened by a heavy portfolio of non performing loans. The Dutch deal would enhance its international credibility and reinforce its recovery strategy.

Banca di Roma shares rose yesterday before they were suspended pending an announcement on the expected deal with ABN Amro.

Banca di Roma yesterday said it would hold a press conference in Rome today when the markets expect confirmation of the deal. ABN Amro declined to comment on the reports of a link-up with one of Italy's top five banking groups.

Italian banking set for further consolidation, Page 23

Dutch insurer tops shareholder value listing

By George Graham, Banking Editor

Aegon, the Dutch insurer, has been the world's best performing financial services company over the past five years, according to a new index of shareholder value.

The company, which this week reported net profits up 25 per cent to €1.25bn, has produced a 138 per cent return for shareholders in the last year alone. An investment of \$10,000 in its shares in 1994 would now be worth \$125,742.

But more than 50 of the world's 400 largest financial institutions actually destroyed value for their shareholders over the same period, after adjusting for risk.

The index, developed by Oliver, Wyman & Company, the financial services consultants, for the magazine Strategic Finance, seeks to measure how much value the institutions created for their shareholders.

It ranks companies by the amount of total shareholder return generated, including dividends, in excess of a risk-free investment in their home country's treasury securities. Returns were adjusted for risk using their volatility over the period.

While Aegon is one of the largest groups in the financial sector, most other top performers were much smaller. The top 10 includes regional US banks such as Firstar and Zions Bancorp, as well as life assurers SunAmerica, Jefferson Pilot and Canada's Power Financial.

In absolute dollar terms, larger groups clearly created more shareholder value. AIG, the giant US insurer, generated \$31bn of surplus value over the five year period, with Aegon in second place with \$29.5bn. The UK's Lloyds TSB ranked fifth by this standard, with \$21.6bn of surplus value created.

But large international banking groups such as Citigroup and Chase Manhattan, although they created around \$10bn each of surplus value, were outperformed in the overall index by smaller institutions.

No Wall Street investment banks ranked among the top performers.

"There is very little correlation between performance and market capitalisation," said Andrew Freeman, editor of Strategic Finance, a publication of the Economist Intelligence Unit.

The Netherlands and Ireland were the two best-performing countries, while financial institutions in Japan and Singapore destroyed shareholder value.

The study also identified a handful of up-and-coming financial institutions whose performance matched the best companies but whose market capitalisation was still too small to come into the rankings.

These included Irish Permanent, the Irish home loans group, North Fork Bancorp, a US retail bank, Marschollek, Lautenschlager, the German pensions and insurance company, and Macquarie, the Australian investment bank.

This announcement appears as a matter of record only

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JAPAN TYRE AND AUTOMOTIVE PARTS GROUP CONSIDERS CAPITAL TIE-UP

Toyo to cut jobs and sell assets as profits dip

By Alexandra Harney in Tokyo

Toyo Tyre and Rubber, the Japanese tyre and car components group, will today warn that profits this year will be sharply lower than previously forecast because of the unexpected strength of the yen in the second half.

The country's fourth largest tyremaker will announce a restructuring, including job cuts and asset sales, aimed at returning it to profit in 1999.

Parent pre-tax losses are expected to be Y1.4bn on sales of Y184bn ($1.5bn) compared with profits of Y2.1bn on turnover of Y188bn forecast last October. Net losses are expected to be Y30bn, the fourth loss in the past six years. In the year ended March 1998, Toyo recorded group net losses of Y586m on sales of Y261.24bn.

The warning comes as Toyo – which has about a 10 per cent share of the Japanese tyre market and 2 per cent of global tyre sales – is considering its strategic options amid deteriorating market conditions in Japan and consolidation in the global tyre industry.

Toshiyuki Noto, senior managing director of the tyre division, said Toyo was considering a capital tie-up with another tyre company.

Speculation has mounted about the future of Toyo and Yokohama Rubber since Goodyear of the US agreed to a global alliance with Sumitomo Rubber, Japan's number two tyremaker. Michelin, the French tyre group, is actively seeking partners in Japan and Asia, and is believed to be talking to Yokohama.

Mr Noto said the yen's rapid rise against the dollar had squeezed export volumes just as the company had budgeted heavy investment to shift tyre production to its plant in Kuwana, central Japan, scheduled to begin operations this year.

"We had budgeted for the expenses involved in the move, of course. The only thing that did not go according to plan was the strengthening of the yen," he said. Each Y1 movement in the exchange rate raises or lowers Toyo's profits by Y300m.

The group was hit by the downturn in demand for car components, as its main clients – Toyota and Nissan Motor – scaled back production.

Toyo is expected to cut 1,500 jobs, equivalent to 21 per cent of the workforce, by 2002 and to unveil a plan to reduce debt by Y20bn through cuts in capital spending, asset sales and withdrawals from unprofitable markets.

The job cuts would be achieved through a freeze on new employment after May and an accelerated retirement plan. Capital spending would be cut from Y15.8bn in fiscal 1998 to Y9bn in 1999 and 2000.

Alphatec rescue shows way forward for Thai businesses

The debt restructuring deal could be a model for others, reports **Ted Bardacke**

When creditors of Thailand's Alphatec Electronics, together with new foreign investors, saved the company from liquidation last month the sigh of relief in the business community was palpable.

The deal involved them agreeing to take large losses on their $363m in debts and pumping in $40m of new capital in the country's first court-supervised business reorganisation.

Hardly a day now goes by without a Thai company announcing a debt restructuring deal. Thai Petrochemical Industry, for example, appears to have secured creditor support for its $3.2bn debt restructuring – a deal that has taken more than 18 months to patch together.

The optimism is not confined to the corporate and banking worlds. Anyone with an interest in Thailand's overall economic recovery agrees that success in restructuring the nearly 50 per cent of Thai bank debt which has gone bad is sorely needed.

"Corporate debt restructuring and bank recapitalisation will be absolutely critical areas that we must attack vigorously," says Tarrin Nimmanahaeminda, finance minister.

Claiming that about 35 per cent of all non-performing loans are from healthy companies which are using the economic crisis as an excuse not to repay loans, Mr Tarrin says: "I see a lot of opportunity for work-out. The country has been in crisis for more than a year and a half now, and more than one-third of our problem loans are from strong companies."

Debt restructuring deals modelled on the Alphatec and TPI cases are poised to go ahead, according to officials at the central bank's corporate debt restructuring advisory team.

But bankers say it is not that simple. They are still learning what works and what does not in Thai debt restructuring – and there are many things that do not.

First, and most important, creditors feel at a disadvantage to debtors because of the country's antiquated bankruptcy and foreclosure procedures.

The government is in the process of amending these laws, but it will take months to see whether they are implemented in a workable manner.

The result is a further delay, as debtors, believing creditors have little option in the courts, try to force deals that many banks feel are too burdensome.

Debt burden

	(Thai baht bn)
Expected peak of non-performing loans	2,500
NPLs covered by Central Bank debt restructuring scheme	674
NPLs restructured under Central Bank scheme	107*

* 15.9% as a % of total Central Bank scheme. 4.3% as a % of total expected NPLs.

Sources: Bank of Thailand; Warburg Dillon Read

But experience shows that an improved legal framework does not always guarantee success. A new bankruptcy law and court was introduced last September, but judges have been unwilling to rule against debtors in all but a handful of cases – and that has only further encouraged Indonesian debtors to ignore their creditors.

Yet the Alphatec deal shows that the existing Thai legal framework is sufficient if there is enough co-operation between creditors and debtors.

A large number of "package deals" – whereby creditors and debtors use the court system to shepherd deals which they have already agreed to in principle – should be announced in the coming months, claims John Perrins, the PwC partner who marshalled the Alphatec settlement.

Tarrin Nimmanahaeminda: more than a third of problem loans are from strong companies AP

Thai authorities have also pushed through several measures – such as tax waivers, flexible regulations for publicly listed companies and convincing state-owned Krung Thai Bank to take a lead in debt restructuring – that should help accelerate the process.

The central bank is also acting as a facilitator for the 200 largest restructuring cases and is moving to establish a centralised credit bureau to help banks share information on debtors.

Some debtors, like TPI, claim that if there is future delay, it will be due more to inter-creditor squabbles.

Such disagreements are rife in Thailand, especially between foreign banks with strong balance sheets and rigid criteria for loan work-outs and Thai banks which are ready to be more flexible but may not be able to afford upfront write-offs.

Bankers say they are close to reaching a deal, brokered by the central bank, that would help alleviate this situation by binding banks to accept a simple majority view on out-of-court debt restructuring agreements, essentially lowering the threshold needed to secure agreement among creditors from 75 per cent to 51 per cent.

But without co-operation from debtors, there will be little progress. Many Thai businessmen are paralysed by the realisation that they will have to cede control of their company to a new investor, usually a foreigner, in exchange for a debt restructuring deal with their bankers.

Additional reporting by Sander Thoenes in Jakarta

NEWS DIGEST

CAR AND TRUCK MAKING

Mitsubishi Motors staves off loss by factory sale

Mitsubishi Motors (MMC), the Japanese car and truck manufacturer, said yesterday that it would avoid a loss this year because of Y25bn ($211m) extraordinary profit from the sale of a factory in Tokyo. The sale of the Maruko plant, a truck factory in suburban Tokyo, marks the first property sale in Mitsubishi's plan, launched last year, to cut costs and reduce debt from more than Y1,600bn as of last November to Y1,300bn by March 2001.

The carmaker is likely to post a Y16bn net profit at the parent level in the fiscal 1998 year, against net losses of Y25.7bn on sales of Y2,500bn last year.

MMC said it would sell the property to Mitsubishi Corporation, the trading company that is also a member of the Mitsubishi *keiretsu*, or industrial group, and Canon, the computer and office equipment manufacturer, for Y32.7bn in cash. The land would be transferred in stages by 2002 but the carmaker would lease the land until that time.
Alexandra Harney, Tokyo

PAPER AND PACKAGING

Amcor rises on cost cuts

Amcor, the Australian paper and packaging group, reported a 17 per cent rise in net profit to A$153.2m (US$95m) for the half-year to December 31 and forecast a strong full-year result. Russell Jones, managing director, said cost-cutting and plant rationalisation were continuing and "*have laid the foundations for further improvement in our profit performance*".

While overall packaging sales would decline as a result of the recent sale of the group's European corrugated packaging business, Mr Jones expected overall profitability and returns from the packaging businesses to continue to improve.

The group has sold A$500m worth of assets since July and is soon expected to sell its Canadian coating and laminating businesses. Amcor also increased its interim dividend from 18 cents to 19 cents a share, but the shares eased 13 cents to A$7.76 yesterday.
Russell Baker, Sydney

PROPERTY

US group to buy Thailand stake

Starwood Capital Group, a US company specialising in distressed property assets, has agreed to pay up to $15m for a 51 per cent stake in Thailand's Sansiri, a moribund property development company. The purchase will transform Sansiri, once a property developer, into a holding company to purchase property projects unloaded by other troubled companies. It will also purchase distressed debt backed by property collateral.

Analysts said Sansiri had sold nearly all its property assets in an attempt to reduce its nearly Bt4bn ($107m) debt burden, which it had stopped servicing. Sansiri, listed on the Thai stock exchange, has restructured about Bt1.95bn of its debt. Starwood, together with a group of foreign institutional investors will make an initial payment of about $1.5m and further share purchases will depend on Sansiri's progress on debt repayments and restructuring. **Ted Bardacke, Bangkok**

A Sample of Transactions for German Multinational and Mittelstand Clients

M&A Advisory

February 1998 — Melos — Melos Carl Bösch GmbH + Co. has been acquired by M.A. Hanna Company. We advised the shareholders of Melos in this transaction. BHF-BANK

June 1998 — Rapid — Rapid S.A. acquired K.K.P. Konstruktive Kunststoff-Produkte GmbH & Co. KG. We advised Rapid in this transaction. BHF-BANK

August 1998 — TEMCO — Temco Textilmaschinenkomponenten GmbH & Co. KG has been acquired by the Management and 3i Group plc/3i Europartners II LP. We advised the owners of TEMCO and Vector Beteiligungsberatung GmbH in this transaction. BHF-BANK

October 1998 — Investment in a Leading family-owned company arranged and funds provided by Charterhouse Development Capital. We initiated this transaction and advised the founding shareholders. BHF-BANK

November 1998 — Lufthansa Consulting — Lufthansa Consulting GmbH acquired a 75.1% stake and Deutsche Bahn AG acquired a 24.9% stake in ETC Transport Consultants GmbH. We provided strategic advise to Lufthansa Consulting and initiated this transaction. BHF-BANK

November 1998 — ROLF BENZ — Rolf Benz Aktiengesellschaft has been acquired by hülsta-werke Hüls GmbH & Co. KG. We advised the major shareholder of ROLF BENZ, Welle Holding AG+Co., in this transaction. BHF-BANK

December 1998 — werndl — Werndl BüroMöbel AG has joined the Steelcase Strafor Group. We initiated this transaction and advised the Werndl family. BHF-BANK

December 1998 — KWR — Kraftübertragungswerke Rheinfelden AG has sold its stake in Energie Baden-Württemberg AG in form of a share buy back. We advised KWR in this transaction. BHF-BANK

Specialised Finance

January 1998 — i-center — Management Buy-Out of i-center GmbH & Co. KG. The equity was provided by IndustrieKapital 1997 Fund. We structured and arranged the acquisition finance. BHF-BANK

February 1998 — JOOP! — Corporate Take-Over of JOOP! GmbH. Wünsche Aktiengesellschaft has acquired a 95% stake. We structured and arranged the acquisition finance. BHF-BANK

March 1998 — Senior Secured Facility of DM 146 million for International Food Container Organisation GmbH. We jointly arranged the facility. We are the Agent and Security Trustee. BHF-BANK

May 1998 — RETE floristik — Management Buy-Out of the operative business of Raab Karcher Floristik GmbH, a subsidiary of the Veba-Group. The investor group was advised by Alpha Beteiligungsberatung GmbH. We structured and arranged the acquisition finance. BHF-BANK

Juli 1998 — NAXOS-UNION — Management Buy-Out of NAXOS-UNION Schleifmittel GmbH. We advised the buyer, structured and arranged the acquisition finance. BHF-BANK

August 1998 — STATOMAT — Corporate Take-Over of STATOMAT Spezialmaschinen GmbH by ELMOTEC Elektro-Motoren-Technik GmbH. We structured and arranged the acquisition finance. BHF-BANK

November 1998 — BELDONA — Management Buy-In of Beldona AG, Schweiz/ Beldona Verkaufs GmbH, Deutschland. The investor group was advised by 3i. We structured and arranged the acquisition finance. BHF-BANK

December 1998 — Management Buy-Out of Pickenpack Tiefkühl-gesellschaft mbH & Co. KG. The equity was provided by Gilde Buy-Out Fund B.V. We arranged the acquisition finance and provided facilities together with Deutsche Bank AG, Hamburg. BHF-BANK

New Equities

April 1998 — Drillisch — Drillisch AG. Initial Public Offering. DM 51.6 million. International Placement of Common Shares. Lead Manager and Bookrunner. BHF-BANK

April 1998 — W.E.T. Automotive Systems AG. Initial Public Offering. DM 54.4 million. International Placement of Common Shares. Lead Manager and Bookrunner. BHF-BANK

May 1998 — KINOWELT — Kinowelt Medien AG. Initial Public Offering. DM 55 million. International Placement of Common Shares. Lead Manager and Bookrunner. BHF-BANK

September 1998 — edel — edel music AG. Initial Public Offering. DM 87.3 million. International Placement of Common Shares. Co Manager. BHF-BANK

October 1998 — IXOS — IXOS Software AG. Initial Public Offering. DM 119 million. International Placement of Common Shares. Co Lead Manager. BHF-BANK

November 1998 — AC — AC-Service AG. Initial Public Offering. DM 105 million. International Placement of Registered Shares. Co Manager. BHF-BANK

May 1998 — LHS — LHS Group Inc. Secondary Offering. DM 219 million. Private Placement of Common Shares with Institutional Investors in Europe. Joint Lead Manager and Joint Bookrunner. BHF-BANK

December 1998 — KINOWELT — Kinowelt Medien AG. Secondary Offering. DM 196 million. International Private Placement of Common Shares with Institutional Investors. Sole Lead Manager and Bookrunner. BHF-BANK

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هكذا من الأصل

PRIVATISATION GOVERNMENT RELAUNCHES PROGRAMME AFTER NINE-MONTH LULL

Spain triggers sale of 66% stake in Indra

By Tom Burns in Madrid

The Spanish government is expected to relaunch its privatisation programme today after a nine-month lull with the registration of the offer document for the market sale of its 66 per cent stake in Indra, the leading company in the domestic information and control systems industry, in a transaction worth some Pta92.5bn (€556m, $630m).

The subscription period for the disposal, which will be co-ordinated by Banco Santander, the main domestic bank, and Paribas of France, starts on Monday and the offer price will be fixed on March 22.

Indra's reference shareholders will be Thomson-CSF of France, Caja Madrid, Spain's second ranked savings bank, and Banco Zaragozano, a medium-sized bank, which have a syndication agreement that controls 25 per cent of the company's stock. Indra is the first privatisation since the government sold off its remaining 33 per cent stake in Endesa, the power group, in June ahead of the summer's financial turmoil.

The disposal of the electronics company will now kick-start 17 disinvestments planned by the centre-right government this year through industrial sales and initial public offerings.

Already in the pipeline are IPOs of government-owned equity in Iberia, the national airline, and Ence, a pulp producer.

If the government achieves its equity sale targets this year it could realise some Pta600bn in disposal receipts, a figure well short of the Pta1,600bn raised last year when, in addition to Endesa, the banking group Argentaria and Tabacalera, the tobacco producer and distributor, were fully privatised.

A key feature of the Indra IPO is that retail investors have been allocated just 40 per cent of the total offer against 79.8 per cent in the Endesa privatisation.

Unlike the disposal of the power group, small domestic investors buying into Indra will not receive any of the incentives that were built into the Endesa offer – such as a 3 per cent discount on the issue price and a 3 per cent cash bonus six months after the privatisation.

In contrast Indra has bucked the trend of past offer structures which sought a wide share ownership and it aims to place 35 per cent of the equity disposal among international institutions and a further 25 per cent among domestic institutions.

This IPO strategy reflects the sentiment among underwriters of Spanish issues that Spain's euro membership has fuelled a growing demand among non-resident investors for Bolsa stocks.

Volvo investors query Ford sale

By Tim Burt in Stockholm and Richard Rivlin in London

Volvo, the Swedish automotive group, was yesterday urged by shareholders to clarify its acquisition plans and growth strategy ahead of the proposed SKr50bn ($6.1bn) sale of its car division to Ford of the US.

Aktiespararna, Sweden's small shareholder association, said the company had been too vague over how it intended to re-invest proceeds from the disposal – which will be voted on at an extraordinary shareholder meeting on Monday.

The shareholder association, which played a pivotal role in blocking the 1994 merger of Volvo and Renault of France, has also asked Leif Johansson, Volvo chief executive, to explain why he agreed to allow Ford to defer a large part of the payment for Volvo Cars. Ford will not pay $1.61bn of the purchase price until two years after completion of the deal.

"Mr Johansson told us that it was the result of arm-breaking negotiations," said Lars Erik Forsgardh, chairman of Aktiespararna.

The effect of the deferred payment, combined with a SKr4.2bn adjustment to net assets, is expected to reduce the purchase price to about SKr45bn.

Volvo, meanwhile, has minimised its capital gains tax liability on the disposal by accepting a SKr17.7bn dividend from its car division as part of the transaction. That reduced the purchase price – for tax purposes – to SKr28.1bn.

Volvo yesterday expressed confidence the disposal would win approval. A number of large Swedish institutions – including AMF, SPP and the government-linked AP funds – have indicated their support. Aktiespararna said it would support the disposal on condition that such institutions did not press for a share redemption or buyback.

Lex, Page 16
World stock markets, Page 40

Finmeccanica puts its faith in Agusta/Westland deal

Planned merger is a key step in restructuring, **writes James Blitz**

Finmeccanica, Italy's state-owned defence and industrial conglomerate, is planning a new step in its complex turnaround this month. It hopes to merge Agusta, its helicopter subsidiary, with the Westland business run by GKN, the UK engineering group.

Senior figures at Finmeccanica stressed yesterday that a final merger was yet to be agreed and that important decisions on some operational matters had not yet been reached.

But they left little doubt that the completion of a 50-50 joint venture (which would give Agusta-Westland a 20 per cent share of the world helicopter market) would be an important development in Finmeccanica's restructuring plan, compounding hopes that the Italian government will sell off more of its stake in the group this year.

Finmeccanica is the second largest industrial group in Italy after Fiat, with operations in defence, aeronautics, transportation and energy production.

The group, 63.4 per cent owned by the government, is a legacy of Italy's postwar industrial policy, under which successive governments ploughed funds into state enterprises to kick-start the economy. European Union constraints on state aid and declining profitability brought a sea-change in Finmeccanica's fortunes in the 1990s. The group reported losses of L2,350bn (€1.21bn, $1.3bn) in 1997 with debts of L7,245bn. "We were getting close to a serious crisis," says Alberto Lina, who became chief executive in June of that year.

Mr Lina has pushed through a complex industrial and financial plan. In essence, he seeks to turn Finmeccanica from a rambling industrial conglomerate into what he calls "a holding company that manages a range of joint ventures and profitable assets".

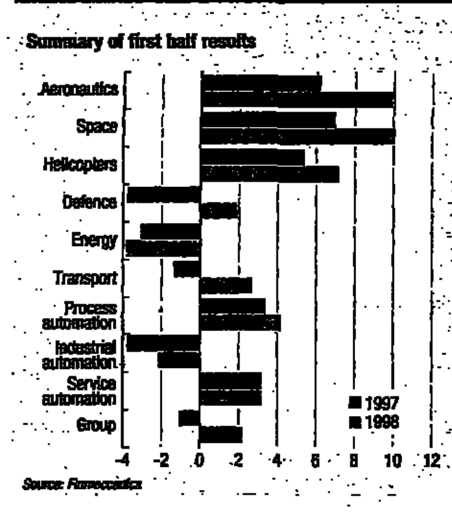
The strategy has had three aims. First, it has slashed corporate overheads, with a dramatic 70 per cent reduction over the past 18 months. Second, Mr Lina has reduced the group's debts.

Finally, he has embarked on a series of pan-European joint ventures in defence, aviation and space. In defence, the group last year merged its Alenia subsidiary with GEC's Marconi unit, creating a 50-50 joint venture in the fields of radar, missiles and naval equipment. It is planning to join its space activities with those of the Franco-British Matra Marconi Space group and Germany's Dasa. The GKN Westland tie-up with Agusta would be the latest joint venture of this kind.

Thus far, the strategy is reaping results. Finmeccanica's operating margin has improved from -1.1 per cent in the first half of 1997 to 2.2 per cent in 1998. Market confidence in the turnaround has been underpinned by a 17 per cent rise in the share price over the past year. But on the basis of some analysts forecasts, the group has one of the most expensive price/earnings valuations in the European defence industry (at 39) and some analysts wonder whether the shares are overpriced.

One reason for pessimism is that the group is still some way from turning round Ansaldo Energia, the loss-making subsidiary that builds power plants. The subsidiary, traditionally reliant on orders from state electricity company Enel, has tiny global market share and negotiations over a joint venture with Daewoo of South Korea stumbled last year. "We hope Ansalso could gain from the liberalisation of the Italian electricity market but it will lose money again this year," says Mr Lina.

Summary of first half results



Source: Finmeccanica

Current group structure

Aeronautics	Alenia Aeronautica	100%
Space	Alenia Spazio	100%
Helicopters	Agusta	100%
Defence	Alenia Difesa	100%
Transportation	Ansaldo Trasporti	55%
	Breda Ferroviaria	100%
	Ansaldo Signal	72%
Process automation (recently sold)	Elsag Bailey Process Automation	61%
Industrial automation	Ansaldo Sistemi Industriali	100%
	Ansaldo Transmissione Distribuzioni	100%
	Ganz Ansaldo	100%
Service automation	Elsag	100%
Energy	Ansaldo Energia	100%

Moreover, British Aerospace's merger last January with Marconi Electronics Systems may require a review of the Alenia/Marconi Systems joint venture. Mr Lina has told colleagues that he still sees the joint venture in a very positive light, given that Finmeccanica is now involved in the largest piece of European defence consolidation to date. But he warns that he is highly resistant to Alenia losing its relative share and influence in the newly-expanded group.

Finally, the government's intentions for the group are still uncertain. Mr Lina expects that Iri, the Italian state holding company, will give the go-ahead for its stake in Finmeccanica to come down to a maximum of 49 per cent later this year. But given the group's military and defence interests, he expects the Italian government will want to go on holding a substantial minority stake.

"We hope ministers will let us continue operating as though we were a fully privatised company," he says.

Norway alliance plans power plant

By Valeria Sköld in Oslo

A group comprising some of Norway's biggest companies yesterday announced plans to build a NKr8-9bn ($1.01bn-$1.14bn) gas-fired power plant and paper mill in western Norway. The development is the largest onshore project in Norway since the completion of the Gardermoen airport in October.

Norske Skogindustrier, a forestry group, Elkem, a metals producer and oil company Statoil are involved in a joint venture, Industrikraft Midt-Norge, to build and operate a NKr3.6bn gas-fired combination heat and power generation plant and a NKr1.3bn pipeline by 2003-2005.

Separately, Norske Skogindustrier is to build a paper mill costing NKr3-4bn.

Several other companies, including Norsk Hydro, Norway's largest industrial conglomerate, have proposed their own solutions for building gas-fired power plants in Norway.

However they have struggled to come up with a solution under existing greenhouse emission regulations and using the carbon dioxide removal technology available primarily due to uncertainty with the Kyoto carbon dioxide quotas, according to Steinar Bysveen, Industrikraft Midt-Norge chief executive.

The joint venture was established in 1997 to build and operate a combination heat and power generation plant, but was delayed in its plans by the later emergence of competing alternatives, such as Norsk Hydro's.

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Saturday March 27

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THE PROPERTY MARKET

The Elephant's renaissance

Now it is to be the home of London's new authority, Southwark is poised for further substantial regeneration, says **Alan Pike**

Pigs can fly. This confident declaration, illustrated by motifs of winged porkers, appears in a document from the London borough of Southwark seeking "discerning developers" to help it achieve an urban renaissance.

Southwark is the eighth most deprived local authority in England. Yet so many remarkable things have taken off along its south Thames riverside recently, councillors can be forgiven for believing pigs can do the same.

The reproduction of Shakespeare's Globe theatre is bringing much-needed tourism to the borough, and visitor numbers will multiply when the nearby Tate Gallery of Modern Art – London's biggest Millennium Fund project other than the Greenwich Dome – opens next year.

Last week, Southwark achieved a magnificent bonus with a government decision to build the headquarters of the Greater London Authority – the capital's directly elected mayor and assembly, who take office next year – in the borough.

Alongside Tower Bridge and facing the Tower of London and Square Mile of the City, Sir Norman Foster's modernistic glass structure will reinterpret traditional notions of municipal architecture. It should also stimulate one of the capital's biggest development projects of recent years – the second phase of London Bridge City between London and Tower Bridges.

A planning application for more than 2m square feet of offices and associated retail and leisure developments surrounding the GLA building is due to be considered by Southwark councillors in May. The site, owned by Capital & Income Group and the German Depfa Bank, forms a natural south-Thames extension of the Square Mile.

The flying pig on which Southwark is concentrating is the Elephant, as the Elephant and Castle shopping centre and district is know locally. It is a traffic-choked and grimy confluence of six busy roads overlooked by social housing.

Yet it is within walking distance of riverside tourist attractions and GLA site and, in the last century, was known as the Piccadilly of the south with theatres, museums and music halls. Southwark believes it can restore much of this vitality with a regeneration scheme costing £200m-£500m.

The first hurdle for such projects – local opposition – is unlikely to prove a problem. A survey of residents found 96 per cent in favour of large-scale redevelopment and only 2 per cent against, with more than two-thirds of businesses supporting demolition of existing buildings.

In contrast to London Bridge City, the council has no masterplan for Elephant and Castle. It is simply setting out general requirements and inviting developers to come up with imaginative ideas.

The results will attract attention far beyond south London. Southwark's requirements, while not stifling scope for potential developers to think creatively, are designed to make the scheme a "demonstration project" for changes which UK and other EU governments are making to regeneration policy in deprived areas.

These involve shifting from a property-led approach to, in Elephant and Castle's case, an equal emphasis on "integrated transport, social exclusion, healthy living, education, housing and welfare to work".

Elephant and Castle is, for example, one of inner London's rare examples of a transport interchange with spare capacity. The council is therefore determined to reduce car use at the enlarged and rebuilt shopping centre.

For Fred Manson, Southwark's director of Regeneration and Environment, the scheme is more than an attempt to address the failures of Elephant and Castle's last redevelopment in the 1960s. He believes it could lock the economic gains of the riverside developments, such as the Tate Gallery and GLA building, into the wider borough.

"Tourism in London rises annually, but we have not increased the surface area for tourists," he says. "In Paris, development of the Bastille opera house and surrounding area substantially enlarged the space that visitors instinctively regard as the city centre."

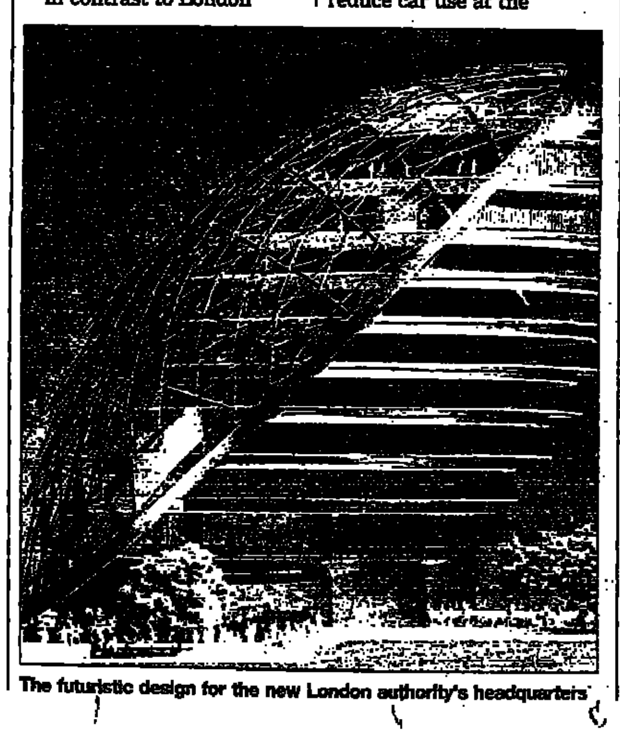
A renewed Elephant and Castle with far better transport, shopping and restaurant facilities would, he believes, do the same for London. Visitors to tourist attractions on the Thames' south bank could be persuaded to approach them from Elephant and Castle, rather than over bridges from the north.

Ignore the mental barrier formed by the Thames, and Elephant and Castle becomes a natural near-neighbour to the City and Westminster. Developers are, in effect, being invited to enlarge common perceptions of central London by including up to 170 acres of a redesigned Elephant and Castle.

Last week, an international audience of property professionals met in Brussels at a European Society of Chartered Surveyors conference to discuss the "European urban challenge".

A strong message from the meeting, says Anthony Payne, of the European Sustainable Cities and Towns Campaign was that: "If we want to rebuild our cities we need to address all aspects of urban life."

That sounds similar to Southwark's plans for Elephant and Castle.



The futuristic design for the new London authority's headquarters

COMPANIES & FINANCE: EUROPE

BANKING DEAL VALUES CREDIT COMMERCIAL DE FRANCE AT THREE TIMES BOOK VALUE

KBC wins the battle for a stake in CCF

By Samer Iskandar in Paris and Neil Buckley in Brussels

KBC, the Belgian bank, yesterday became the largest shareholder in Crédit Commercial de France, one of the 10 largest French banks, after outbidding several other banks in an auction for a 7.8 per cent stake.

The deal, which raises KBC's stake to roughly 12.5 per cent, increases the likelihood of a battle for control of CCF, whose other main shareholders include Swiss Life, the insurance company which controls just over 10 per cent, and ING, the Dutch banking and insurance group, with 7.6 per cent.

Analysts said yesterday's change in CCF's ownership structure was likely to result in increased tension between shareholders.

"The high price paid for the stake reinforces the uncertainty surrounding the future of CCF," said Catherine Woods, co-head of European banking research at J.P. Morgan in London.

Another analyst said: "This shows that what was really at stake here was not just a block of shares, but potentially control of CCF."

KBC paid €627m – or €112.5 a share – for the 7.8 per cent stake, a 40 per cent premium over market price.

The deal, brokered by Lehman Brothers, the US investment bank, values CCF at more than €8bn, or three times book value, roughly double the level at which French banks are trading. CCF shares were suspended after rising 10 per cent in early trading, but closed at €83.4, up 2.77 per cent.

However, the surprise caused by KBC's high bid was likely to deter other bidders from making a decisive move in the near future.

"The market seems to think they [KBC] have overpaid," said one analyst.

KBC said yesterday that it had "no intention to go for a full bid". However, Piet Jaspaert, KBC's corporate communications manager, said: "If other players changed the game, we would have to adapt to that."

KBC viewed its participation in CCF as an important strategic stake and had not bought the stake with the intention of selling at a profit in the event of a bid for the French bank.

Mr Jaspaert said: "We think that this substantial premium is nevertheless a fair price for the strategic position we were aiming at."

"If [these shares] had been bought by some of the other existing shareholders, the strategic value [of our existing stake] for us would have been meaningless, because we would have been a long way behind others."

Italian banks steeled for a fresh round of consolidation

The pressure to combine will intensify if the alliance between Banca di Roma and ABN Amro goes ahead, reports **Paul Betts**

Any alliance between Banca di Roma and ABN Amro, the Dutch banking group, is likely to open a new chapter in the fast-changing Italian banking industry.

The proposed deal, expected to be announced today, is likely to accelerate consolidation in the sector, which analysts believe will lead to the formation of a small number of large commercial banking groups with strong foreign partners.

The first likely consequence of the expected Banca di Roma-ABN Amro link is that it would spell the end of the on-and-off merger attempts between Banca di Roma and Banca Commerciale Italiana, orchestrated by Mediobanca, the secretive Milan investment bank, and supported by the Bank of Italy, the central bank.

Both Banca di Roma and BCI each own 8 per cent stakes in Mediobanca, and the investment bank had seen a merger as a means of reinforcing its own shareholding structure. Like most other once-invulnerable Italian business institutions, Mediobanca is increasingly worried that it, too, could become a target.

BCI never warmed to the Banca di Roma merger, and the Rome bank, *which is* undergoing significant restructuring, was anxious to shed its image of a weak institution.

With ABN Amro as a core shareholder, Banca di Roma would have succeeded in forging an alliance with a large international banking group – in much the same way as its Rome rival, Banca Nazionale del Lavoro, has achieved with Spain's Banco di Bilbao y Vizcaya.

After all the difficulties of trying to marry Banca di Roma with BCI, the Dutch combination, if confirmed, is expected to be welcomed by the Italian government and monetary authorities by finally resolving the future of the large Rome bank. But just as significant, it would release BCI to enter the Italian banking alliance game and lead to even greater consolidation.

The pressure to combine has intensified since the recent mergers of BCH and *Santander in Spain, and* Paribas and Société Générale in France.

"The large Italian banks were all aware they had to grow, but the strategy had been to expand in Italy during the next two or three years before stretching out internationally," says one Milan commercial banker.

"But the French and Spanish mergers have now forced the tempo and our banks will have to move faster than they had anticipated."

UniCredito, the Milan bank forged through the merger of Credito Italiano and three large north Italian regional banks, has made no secret it was studying mergers and acquisitions.

So is San Paolo-IMI, the combination between the Turin commercial bank and the Rome-based IMI investment bank.

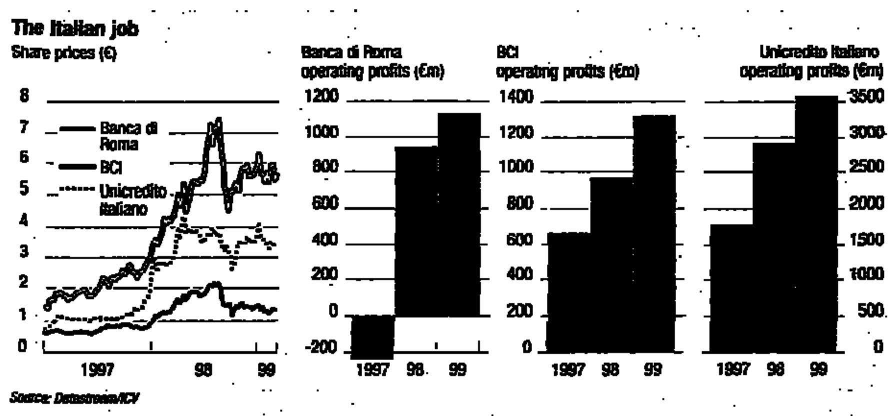
Banca Intesa, formed through the merger of the Milan Cariplo savings bank and the Ambroveneto banking group, is also on the prowl.

BCI would be an attractive bride for all three of these groups. But perhaps UniCredito at this stage could offer the most attractive prospects. It, too, has an 8 per cent stake in Mediobanca, and with BCI it could give the investment bank the shareholding stability it has been seeking.

Apart from Allianz of Germany, UniCredito's foreign shareholders include Société Générale, with which it has a successful consumer credit joint venture in Italy, and Deutsche Bank, which recently acquired a small stake. BCI's foreign shareholders include Paribas (now married to Société Générale), Commerzbank and Deutsche Bank.

However, according to one Milan banker, it is still too early to say how the next wave of consolidation would evolve. "What is clear is that we now have four or five large banking groups born out of the first merger wave. At the end of the day, there will probably be only two left."

The Italian job



Source: Datastream/ICV

Siemens and Alcatel buy into data networking

By Uta Harnischfeger in Frankfurt and David Owen in Paris

Two of Europe's biggest telecommunications companies, Siemens of Germany and France's Alcatel, yesterday revealed bold moves into the US data networking business as a way of boosting growth and innovation.

A person close to engineering and manufacturing giant Siemens said the company had earmarked over $1bn as part of a plan to create its own US data networking unit andbuy several US data networking companies.

The person confirmed newspaper reports that Siemens will announce on Monday the acquisition of a private data networking company, Argon Networks, based in Littleton, Mass. for about $240m and a $30m stake in Accelerated Networks Inc, a private company based in Moorpark, California.

Alcatel yesterday plugged another hole in its portfolio of data networking products by announcing the acquisition of California-based Assured Access Technology for $350m in cash. Coming just two days after its $2bn agreement to buy Xylan Corporation, another California company specialising in data switching equipment, the move reinforces the French group's drive to reposition itself as a force in the fast-growing internet market.

Alcatel's drive is part of a scramble by traditional telecoms equipment manufacturers to purchase data networking companies as a result of the growth of internet and telecoms traffic based on internet protocol.

The person close to Siemens said negotiations to acquire Castle Networks Inc, also a private data networking company based in Westford, Mass, for $300m, were still under way, but were likely to be finalised within a few days. He said Siemens had not yet decided how to pay for the planned acquisitions.

However he denied a US newspaper report that Siemens was in talks with 3Com about buying for $1.2bn the 3Com unit that sells networking equipment to telephone companies. In December Siemens had announced that it was talking to 3Com about a joint venture.

The new Siemens unit, which will become a part of Siemens newly founded information and communications division and will be based in Boston, will combine Siemens' prior activities in the data networking area with its new acquisitions.

Yesterday's developments were welcomed by the market, with Alcatel shares closing at €113.90 – a gain of 4.4 per cent on the day and more than 16 per cent since the end of last week.

"It does look as if they are getting into a position where they can offer anything people would want," said Susan Anthony, technology analyst with Crédit Lyonnais Securities.

LVMH tries to restart Gucci talks after ruling

By Alice Rawsthorn

Bernard Arnault, chairman of LVMH, the French luxury goods group, hopes shortly to recommence talks with the management of Gucci, the Italian fashion house, with which he has been locked in an acrimonious legal battle.

LVMH yesterday withdrew its request for Gucci to hold an emergency general meeting of shareholders later this month to vote on the appointment of a nominee director to represent its recently acquired 34.4 per cent holding in the Italian company.

Gucci, which is listed in Amsterdam and advised by Morgan Stanley, attempted to counter LVMH's attempt to have a nominee appointed at that meeting by issuing an equivalent number of shares to a newly formed employee share option scheme.

LVMH, advised by Goldman Sachs, took legal action in the Netherlands to declare the share issue unlawful, but the court ruled on Wednesday that the voting rights on both its stake and the new Gucci shares should be frozen pending a final ruling on the matter.

The court also instructed both sides to try to resolve their differences by resuming discussions.

LVMH said yesterday that Mr Arnault was keen to do so swiftly in the hope of persuading Domenico De Sole, Gucci president, and the rest of Gucci's board to back his plans for joint trading arrangements.

Both sides are anxious to bring their dispute to a speedy conclusion, not least because it is absorbing so much time for both Mr Arnault and Mr De Sole, as well as for their senior executives.

However, relations between the two groups became so strained during the legal fight that it is by no means certain that they will be able to reach an amicable solution.

Mr De Sole yesterday described LVMH's announcement that it was cancelling the extraordinary meeting as "remarkable".

"Obviously LVMH is convinced that it would not have the support of our independent shareholders," he added.

Royal Philips Electronics
(The Netherlands)

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to be held on **Thursday, March 25, 1999, at 2.00 p.m.**, in the
AMSTERDAM RAI, EUROPAPLEIN, AMSTERDAM.

The items on the agenda are as follows:

1. Opening
2. Financial statements and Annual Report 1998
3. Share Reduction Program, redenomination into the euro and amendments of Articles of Association
4. Composition of the Supervisory Board
5. Authorization to issue (rights to) shares
6. Authorization to repurchase shares
7. *Any other business*
8. Closing

The complete agenda and the Annual Report Philips 1998 and the detailed proposals regarding agenda item 3, including proposed amendments of the Articles of Association have been deposited for inspection and are available free of charge at the office of the Company (Annual Report Office, Building VO-p, p.o. Box 218, 5600 MD Eindhoven), and at the head offices of the banks listed below.

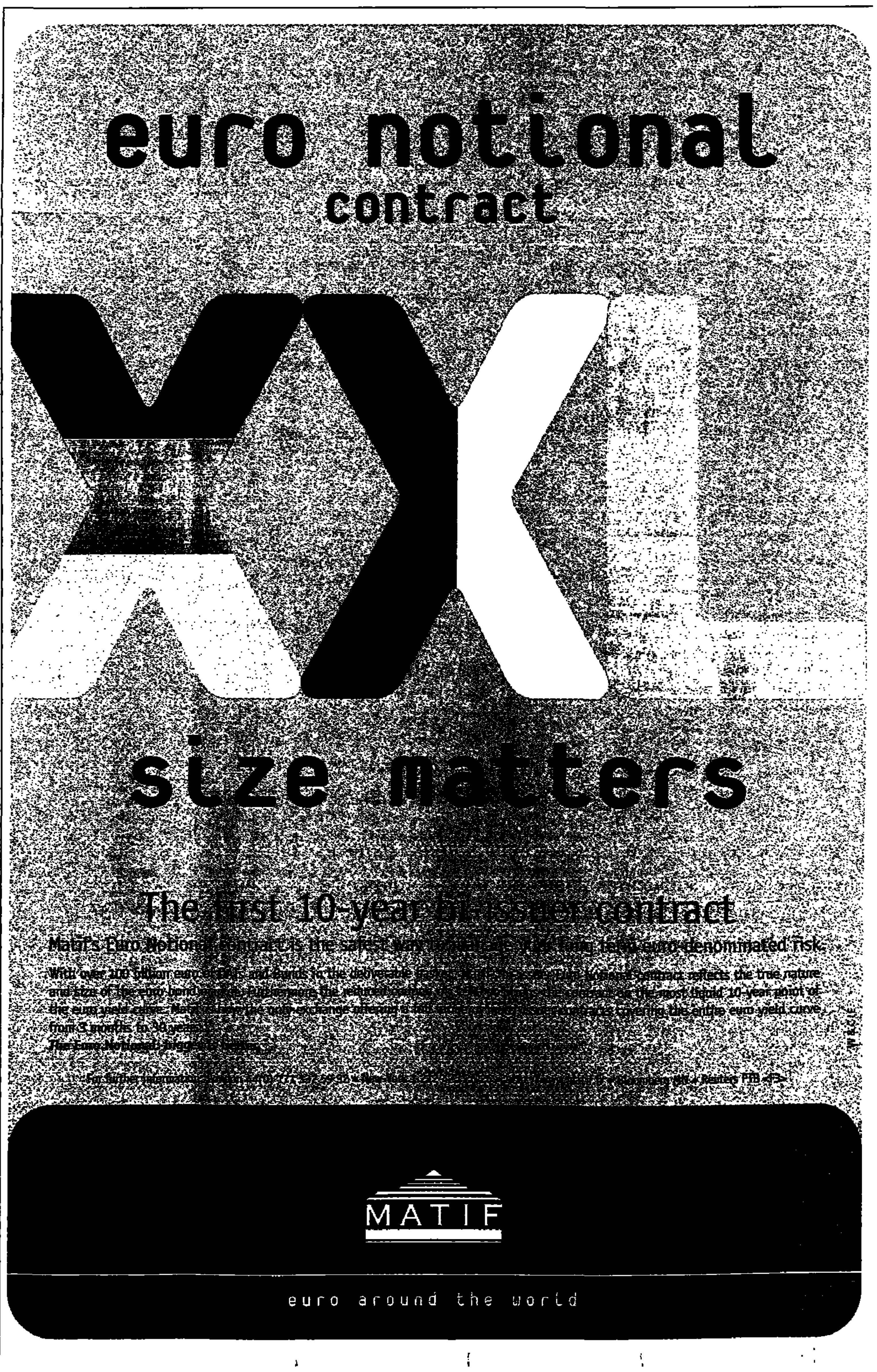
Persuant to the Articles of Association, the binding proposals for nominations, together with information relating to the nominees, have been deposited for inspection and are available free of charge at the office of the Company (Annual Report Office) and at ABN AMRO Bank N.V., Herengracht 595, in Amsterdam.

Holders of shares Royal Philips Electronics to bearer (in CF form) listed on the London Stock Exchange who wish to attend the meeting, either in person or by proxy, should order their own depositary bank **not later than 12.00 hours at noon on March 19, 1999** to block such certificates in exchange for a receipt from their bank that will entitle the holder to admittance to the meeting. Depositary agents must notify the Company not later than **March 19, 1999.**

The coordinating agent between depositaries and the Company is:
ABN AMRO Bank N.V., Herengracht 595, Amsterdam, The Netherlands.

Eindhoven, March 5, 1999 **The Board of Management**

PHILIPS



TELECOMMUNICATIONS INTERNET PIONEER SET TO SELL FOR LESS THAN 1997 MURDOCH OFFER OF $400M

Bells close to buying PointCast

By Richard Waters in New York

PointCast, one of the early stars of the internet era, is close to agreeing a sale to a group of local US telephone companies in a deal that is set to fetch considerably less than the $400m once offered by Rupert Murdoch.

The Bells hope to use PointCast's so-called "push technology" to create a broadband information service that could one day rival America Online and At Home, a company which lies at the heart of AT&T's residential broadband plans.

Two years ago, PointCast was at the forefront of a band of internet start-ups that rose to prominence on hopes that their technology would change the balance of power in the online world. PointCast searches for information and delivers it automatically to customers, rather than requiring them to search for information.

At the height of the craze for push technology in 1997, Lachlan Murdoch, son of the News Corp boss, offered $400m to buy the company, according to one person who talked to him about the approach.

PointCast, a private company, rejected that offer, only to fall from favour soon afterwards as a new breed of "portal" companies, led by Yahoo!, emerged as the favoured entry point for millions of internet users.

"It's like any other emerging idea – push technology was way over-hyped and little understood," said David Dorman, former chief executive of local telephone carrier Pacific Telesis, who was brought in at the start of 1998 to turn PointCast round and find a buyer.

Mr Dorman, who was yesterday named to head the international joint venture between AT&T and BT, said yesterday that PointCast was within days of agreeing a sale, though he refused to name the buyer or other details.

However, the internet company is understood to be on the brink of a sale to a group of local carriers, or Baby Bells, which see it as an additional weapon in their efforts to sell broadband telephone services to their residential customers.

Bell Atlantic, the local carrier that dominates the East Coast, recently formed an alliance with AOL to market its information services as part of a Bell Atlantic broadband service, and is understood not to be involved.

Instead, the purchase is believed to involve SBC Communications and Ameritech, that are in the throes of a planned merger, and BellSouth, which covers the south-eastern US.

CVRD names new president

By John Barham in São Paulo

CVRD, the world's biggest iron ore mining company, has appointed Jório Dauster, a respected veteran Brazilian diplomat, as its new executive president. He has a mandate to ease friction between shareholders and reshape the company, shedding non-core businesses.

Since privatisation in May 1997, profits have surged. Net income rose 36 per cent last year to R$1.03bn (then worth US$850.4m), although revenues were up only 5 per cent at R$3.38bn.

However, key shareholders are believed to be unhappy at the company's failure to focus on its key mining and transport activities and to resolve complex cross-shareholdings between clients, suppliers and other shareholders.

Carlos Eduardo Siqueira, analyst at Banco Icatu, said Mr Dauster "is a negotiator. He negotiated Brazil's foreign debt, he was an ambassador to the European Union and it is important to have a negotiator at the top of this company."

Mr Dauster's appointment frees Benjamim Steinbruch, the group's leading shareholder, from executive functions. Mr Steinbruch, an ambitious Brazilian entrepreneur who led the consortium that bought the company, stays on as chairman.

Other members of the consortium had become increasingly irritated at Mr Steinbruch's management style and conflicts of interest. He heads CSN, a large steel group that is also an important CVRD client. CVRD and CSN are also linked by a cross-shareholding.

Financial markets are also pressing CVRD to take an axe to its sprawling non-core businesses. Mr Steinbruch says he has already begun talks with the government's BNDES development bank to restructure two paper and pulp companies. Analysts hope this will lead to a sale.

They also hope CVRD will begin selling its steel and aluminium subsidiaries. It has large stakes in six steel mills, including CSN, and significant stakes in four aluminium companies.

January's devaluation of the Real, which has since lost 44 per cent of its value, will help CVRD this year as international iron ore prices fall. It earns half its revenues from exports and 90 per cent of its total sales are dollar-denominated.

Analysts say the company's development of its rail and port operations have also paid off handsomely. In 1998, these operations rose 7.8 per cent to R$955m.

Microsoft unveils plan for internet-commerce

By Roger Taylor in San Francisco

Initiative: Bill Gates wants internet consumer lead — Reuters

Microsoft, the world's largest software company, yesterday outlined an ambitious programme to place the company at the forefront of internet-based commerce.

Bill Gates, chief executive, announced a raft of initiatives that he said would make Microsoft's MSN website the leading consumer shopping outlet on the net.

Bob Herbold, chief operating officer, said the foundation of Microsoft's drive was BizTalk, intended to be a standardised software vocabulary describing business processes and products in specific industries. Such a vocabulary, which would allow different corporate systems to talk to each other over the internet, is not a new idea. Other industry groups have already launched initiatives to establish such standards.

Microsoft announced partnerships with PeopleSoft and SAP to create integrated internet-based corporate IT systems that would combine information from company databases with information from the internet.

It also plans to introduce a number of products to help small businesses get on to the internet, including site building and hosting services. Mr Herbold said shoppers on the internet find it hard to find the information they want, hard to compare information from different vendors and then face the tedious task of having to complete long forms every time they go to a new vendor.

He said Microsoft wanted to attack all these problems. As a start, the company has bought CompareNet, an internet-based comparison shopping service, which it will build into its MSN portal.

It also plans to set up a single shopping passport, similar to existing services such as E-Wallet, which would take away the need to register personal details with every internet retailer a customer used.

CIBC rebounds back to profit

By Edward Alden in Toronto

A recovery in global markets helped Canadian Imperial Bank of Commerce rebound from a disastrous fourth quarter last year to post first-quarter earnings in line with analysts' expectations.

CIBC, the Canadian bank most heavily exposed to world capital markets, reported net income of C$327m (US$217m), down 5 per cent from the corresponding period but up sharply from the dismal C$34m in the fourth quarter of 1998. The bank earned 75 cents per share (71 cents).

The bank's world markets division, where heavy trading losses last year dragged down overall earnings, posted a strong rebound as net income rose 26 per cent year-on-year.

Al Flood, chairman and chief executive, who is stepping down this year, said the turnround reflected the bank's renewed focus on North America. After last year's losses, CIBC cut staff in its capital markets division, quit several non-strategic businesses and scaled back ambitions to be a first-tier global investment bank.

Mr Flood also said that CIBC had made significant progress in integrating Oppenheimer, the US investment bank purchased in 1997.

Revenue and net earnings in the bank's personal and commercial banking division dipped slightly from the previous year.

The bank's overall performance continues to lag the other large Canadian banks. Its return on equity in the first quarter was just 12.8 per cent, well below the bank's objective of a 16-18 per cent return.

Like four of the other big five Canadian banks, CIBC has been refocusing its business and cutting costs after the federal government in December rejected merger proposals that would have created two large Canadian banks.

Canadian deal creates giant in telecoms

Merger increases pressure on rivals

By Scott Morrison in Toronto

The C$7bn (US$4.6bn) merger between AT&T Canada and MetroNet Communications announced yesterday will create a Canadian telecoms juggernaut and speed up the pace of consolidation within the industry, increasing pressure on domestic rivals to respond.

The combined company, to be called AT&T Canada, will become the first national carrier to provide customers with local and long-distance voice, data, internet and e-commerce services, as well as wireless services through Cantel AT&T.

The merger follows a flurry of announcements in the past year that have reshaped the Canadian telecoms industry, as incumbent carriers and alternate service providers have jostled for market dominance in the wake of regulatory changes to introduce long-distance and local-service competition.

The creation of an enlarged AT&T Canada puts immediate pressure on rivals, most notably the recently merged BCT.Telus, the western Canadian carrier, and Call-Net Enterprises, which owns alternate carrier Sprint Canada.

BCT.Telus, formed through the merger of BC Telecom and Telus, has a strong base in the western Canadian provinces of British Columbia and Alberta, but has yet to convince analysts that it has a sound strategy for moving into markets in eastern Canada. Call-Net has been hit by fierce competition and is under pressure to improve quarterly results while competitors are growing stronger. Analysts said BCT.Telus and Call-Net are under enormous pressure to consummate a merger in order to avoid being left behind by more powerful rivals.

"They really need each other now," said telecoms analyst Iain Grant of the Yankee Group.

That would leave three powerful national groups competing in Canada's C$21bn local, long-distance and wireless telecoms market.

Market leader Bell Canada, the wholly-owned subsidiary of BCE, has moved recently to expand nationally by launching Nexxia, its national broadband network, and establishing a joint venture with Manitoba's regional carrier to provide services in key cities in western Canada.

Earlier this week, Bell Canada emerged as MCI WorldCom's Canadian partner after they announced an alliance under which the two companies will source their cross-border traffic through each other. The alliance strengthens BCE's competitive position by providing it with a partner to develop its North American and global capabilities.

However, AT&T will now be able to provide Canadian customers with the most extensive international network and yesterday's merger suggests that the enlarged AT&T Canada, which would control about 11 per cent of the Canadian market, could soon emerge as a powerful competitor to rival BCE, particularly in the key corporate segment.

BCE's alliance with MCI WorldCom does not prevent the Canadian company from securing other international partners and telecoms analysts say BCE must still find a vehicle through which to expand into the crucial US market.

One source familiar with the company said BCE has held talks with Qwest, the rapidly growing US alternate carrier, in an attempt to reach a facilities-sharing agreement that would enable both companies to expand geographically.

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FOR SALE

The property is located in County Monaghan and comprises a modern EU approved food production facility of approximately 8,400 sq.ft. on a site of just under one acre. The building is sub-divided to accommodate high and low risks process areas, chilled rooms, dry foods storage, plant room and ancillary areas.

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For further details please apply to:

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LEGAL NOTICE

ABERDEEN EUROPEAN INVESTMENT TRUST PLC
IN MEMBERS VOLUNTARY LIQUIDATION

We, David John Pallen and Margaret Elizabeth Mills of Ernst & Young Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH hereby give notice that on 26 February 1999 we were appointed Joint Liquidators of the Company.

NOTICE IS FURTHER GIVEN that the creditors of the Company are required, on or before 31 March 1998 to send their full names and addresses and particulars of their debts or claims to us, David John Pallen and Margaret Elizabeth Mills of Ernst & Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH and if so required by notice in writing from us are, personally or by their solicitors to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 26 February 1999

David John Pallen and
Margaret Elizabeth Mills
JOINT LIQUIDATORS

Note: All known creditors have been or will be paid in full, but if any persons consider they have claims against the company they should send in full details forthwith.

CONTRACTS & TENDERS

GOVERNMENT OF THE KYRGYZ REPUBLIC
THE STATE PROPERTY FUND OF THE KYRGYZ REPUBLIC
Tender for Privatization of Kyrgyztelecom
CALL FOR PREQUALIFICATION

The Government of the Kyrgyz Republic has nominated the State Property Fund of the Kyrgyz Republic to hold the majority share of Kyrgyztelecom shares in trust. Kyrgyztelecom is an Open Joint Stock Company and the national telecom operator in the Kyrgyz Republic. The Government of the Kyrgyz Republic has decided to privatize a portion of Kyrgyztelecom through the sale of share packages in a competitive international tender. The State Property Fund of the Kyrgyz Republic calls for prequalification of interested parties. The successful bidder shall be required to make an investment of not less than 150 million U.S. Dollars for the share package and, in addition, offer a ten year modernization plan.

Interest parties that meet the following two criteria, are invited to prequalify no later than June 4, 1999.

1. The interested party, or at least one member of a bidding consortium, must have annual revenues that exceed two hundred million U.S. Dollars.
2. The interested party, or at least one member of a bidding consortium, must be a telecom operator with not less than one hundred million U.S. Dollars of annual revenues from telecom operations.

All interested parties and bidding consortia that meet the above two criteria can prequalify by forwarding the following information in English:

1. Name and headquarters address.
2. Name, title, address, telephone and fax numbers of the individual responsible for all matters concerning the prequalification.
3. One page overview of bidders business operations, including a description of its existing telecommunications operations.
4. Copy of last annual report.
5. Letter signed by authorized executive that states the bidder, or consortium, meet the two criteria described above and the bidder is interested in participating in the tender for the privatization of Kyrgyztelecom.

Two original sets of information should be sent to the Advisor retained by the State Property Fund of the Kyrgyz Republic on behalf of the Government of the Kyrgyz Republic, namely:

RAIFFEISEN INVESTMENT AG
CONSULTING & INVESTMENT

Marco Pongratz-Lippitt
Reisnerstrasse 40
A-1030 Vienna, Austria
Tel +43 (1) 710-5400-47
Fax. +43 (1) 710-5400-69

Ivars J. Bars
114 Sansome Street, 10th floor
San Francisco, CA 9104, USA
Tel: +1 (415) 398-1990
Fax: +1 (415) 362-3268

NOTE: There is no cost to prequalify. Prequalified bidders have no obligation to submit a bid in the tender. A bidder may add or delete members of its consortium up to the moment of bid submission. All bidders that prequalify will be notified by fax no later than June 9, 1999. The tender documents will be issued on June 11, 1999 at no charge to all prequalified bidders. Only prequalified bidders shall receive the tender documents and be permitted to submit bids. The due date for bids shall be September 17, 1999.

Israeli piracy forces Novell to review deals

By Avi Machlis in Jerusalem

Novell, the US software company, yesterday said it was reconsidering plans to invest in Israel due to software piracy that cost the company about $10m a year in revenues.

The warning marks the first time a US company has publicly threatened to withhold investment in Israel because of piracy, and comes amid growing investment by US technology groups in the country.

In addition, the US warned Israel last month that it risked sanctions if it did not crack down quickly on intellectual property rights violations.

Amir Rosentuler, Novell manager in Israel, said the group wanted to send a strong message to the Israeli market that piracy would not be tolerated.

"We are reconsidering plans for future investment here," he said.

Business Software Alliance, the US-based industry lobby, said that 54 per cent of software installed in Israeli businesses in 1997 was illegal.

The rate is much lower than in many emerging markets, but significantly higher than the US rate of 27 per cent and the UK rate of 31 per cent.

BSA said Israel, which has a sophisticated high-technology sector and a developed economy, should reduce piracy to such levels.

Ami Fleischer, a BSA representative in Tel Aviv, said Novell's second thoughts could lead more companies to reconsider their investment policies in Israel.

"This should ring some warning bells," he said.

Israeli high-tech companies agreed that the government should do more, but they did not think Novell's statement would discourage investment.

"If Novell is interested in making an acquisition here for strategic reasons, what does that have to do with other companies in Israel that pirate software," said Ed Mlavsky, president of the Gemini Capital Fund.

Empty beds hit HK group

By Louise Lucas in Hong Kong

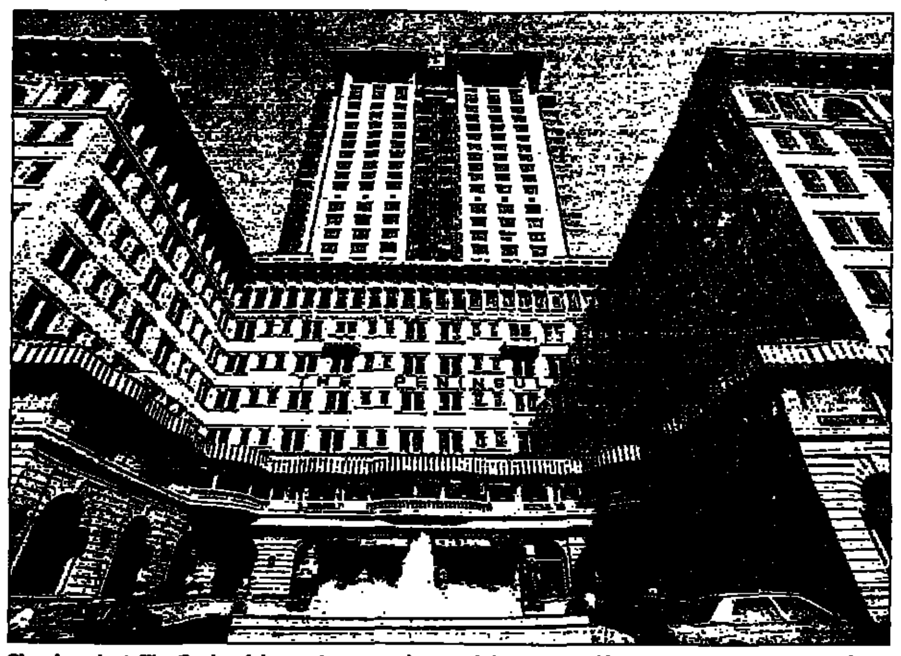
More than half the rooms at The Peninsula, the grande dame of Hong Kong hotels, stayed empty last year, helping push parent company Hongkong & Shanghai Hotels into the red.

Net profits for the group, which also has hotels and property interests in other parts of Asia, plunged from a net profit of HK$114m in 1997 to a loss of HK$1.82bn (US$235m) last year. The loss was largely due to provisions and revaluation adjustments. At the operating level, profits tumbled 27 per cent, from HK$1.05bn to HK$766m.

The disappointing results mirror the dearth of tourism and spending in Hong Kong and throughout Asia. Tourist arrivals dipped 8 per cent in Hong Kong last year and hotels like The Peninsula suffered particularly from the 31 per cent drop of big-spending Japanese visitors.

Hong Kong's efforts to woo back tourists, unveiled in Wednesday's Budget, include the planned development of a Walt Disney theme park.

Hongkong & Shanghai Hotels is tackling the problem by upgrading and introducing new products to retain its premier brand and position itself for the upturn.



Sleeping giant: The Peninsula's empty rooms damaged the results of its parent company Corbis

Michael Kadoorie, chairman, said: "There is no disguising our disappointment at the results that have been mainly driven by asset revaluation which we are treating as an exceptional item."

That exceptional item came to HK$2.63bn, largely a result of revaluing the hotel and residential properties. Analysts, expecting less substantial write-downs, had forecast a smaller loss. The company said it would not pay a dividend.

Analysts said the total devaluation on hotel properties alone came to around HK$2.6bn, since an estimated additional HK$800m came from reserves – paper gains salted away during Hong Kong's boom years.

However, analysts noted that some of the group's expansion plans had also gone awry. Write-offs on a controversial apartment development in Sydney mean it is unlikely to yield any profits, while other projects, including developments in Jakarta and Hanoi, have been mothballed as a result of the Asian financial crisis.

While the exceptional item is largely a paper revaluation, Mark Chadwick, an analyst at Yamaichi in Hong Kong, said it meant a shrinkage of 43 per cent in shareholders' funds and this in turn could make banks more cautious in extending loans.

NEWS DIGEST

TAKEOVER

Securitas/Pinkerton deal sparks investigation

The acquisition by Securitas, Europe's largest security operator, of Pinkerton of the US is the centre of an insider trading inquiry. The investigation by the Swedish Financial Inspectorate into the deal in which the Sweden-based Securitas made an agreed bid of SKr3bn ($364m) for Pinkerton in February has also prompted the US Securities and Exchange Commission to file a civil suit against Goran Heden, a broker at Den norske Bank, Norway's largest bank, and four of his clients. The suit alleges they bought a total of 15,000 Pinkerton shares for about $17 a share while in possession of confidential information about the impending deal.

The defendants then sold their stock after it climbed to $28.68 on news of the deal. Yesterday the Swedish brokerage Matteus Fondkommission said it had suspended three people in relation to the investigation with the news agency Direkt dismissing a journalist in connection with the affair earlier this week.

Securitas said no suspicions of any crime existed against any of its employees. **Nicholas George**

TELEKOMUNIKASI INDONESIA

President might be ousted

Telekomunikasi Indonesia, the telephone utility, may lose its president and significant revenue in a series of disputes with the government, its foreign partners and its customers. Tanri Abeng, minister for state enterprises, yesterday said Asman Achir Nasution could be replaced as president at a shareholders' meeting in April, well before his tenure ended in 2001. Mr Nasution has lobbied against an early divestment of a government share in Telkom, already the biggest stock on the Jakarta Stock Exchange, arguing it would now fetch too low a price. Mr Nasution has also been rattled by a government policy reversal which limited an average increase of telephone rates to 15 per cent, from the 24 per cent rise that took effect on February 1.

The rate increase sparked protests and a boycott as customers felt they were paying for mistakes of Telkom's management. The reduction of the rate increase, however, gave grounds to Telkom's foreign partners to request that their revenue sharing contracts be renegotiated a second time. **Sander Thoenes, Jakarta**

BANKING

Fuji to trim overseas network

Fuji Bank, one of Japan's largest, plans to reduce its overseas branches by about 40 per cent, to 27 units, by March 2001 as part of a restructuring. The move is the latest sign of the broad-based retreat by Japanese banks, as their domestic problems leave them unable to maintain the global empires they scrambled to build in the 1980s.

Fuji Bank said yesterday it expected a loan-loss charge of Y700bn ($5.8bn) in the 1998 fiscal year, considerably higher than previously envisaged. This would push the bank into a Y710bn pre-tax parent loss for the year, compared with its earlier forecast for a Y550bn loss.
Gillian Tett, Tokyo

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Financial Times Surveys
Northern Ireland
Thursday April 1
For further information please contact:
Charles Blandford
Tel: +353 1 676 1184 Fax: +353 1 676 2125 email: chasb@indigo.ie
or Tracey Endacott in London
Tel: +44 171 873 4356 Fax: +44 171 873 4862 email: tracey.endacott@FT.com
FINANCIAL TIMES
No FT, no comment.

GOVERNMENT OF PAKISTAN PRIVATISATION COMMISSION

DATE EXTENDED TO MARCH 31, 1999

Request for Expression of Interest for Prequalification

Privatisation of Habib Bank Limited

The Government of Pakistan ("GoP") through the Privatisation Commission ("PC") intends to sell a minimum of 26% shareholding in Habib Bank Limited ("HBL") along with transfer of management control, to a strategic investor. Investor specific structuring of the transaction will be given due consideration.

HBL has a domestic network of 1721 branches and an international network of 65 branches and subsidiaries/affiliates in 26 countries including USA, UK, Singapore, Hong Kong, Malaysia, Australia, Turkey, UAE, Oman, Bahrain, Kenya, and Nigeria. HBL has a full service licence covering Commercial Banking, Consumer Finance, Credit Cards and Investment Banking in Pakistan and most of the other countries where it is present.

The HBL privatisation represents an attractive investment opportunity for investors interested in leveraging the bank's extensive domestic and international network. HBL accounts for approximately 20 percent of the advances, deposits, and trade business of the Pakistani banking sector.

Expression of Interest for Prequalification ("EOI") are hereby requested from reputed Pakistani and Foreign institutions (either investing solely or as part of a consortium). EOIs in HBL should be accompanied by Bank Draft for US$10,000/- processing fee (non-refundable) in the name of "The Privatisation Commission, Government of Pakistan", and should include the following information:

- *Experience/track record in the banking sector &/or financial services industry*
- *Experience/track record in the emerging markets*
- *Experience/track record of the entity/Group*
- *Latest annual report/financial statements and/or details of financial strength*
- *Details of ownership structure.*

Key audited financial figures of HBL are: (Millions)

	1995		1996		1997	
	PKR	US$	PKR	US$	PKR	US$
Deposits	194,661	5,799	213,491	5,476	211,383	4,804
Advances	119,256	3,552	131,805	3,380	119,758	2,721
Total Assets	230,336	6,861	248,093	6,363	255,782	5,813

All persons who have already submitted their EOIs in response to GOP's Request for Expression of Interest for Prequalification published earlier may (without payment of any processing fee) supplement, substitute and/or vary their EOIs by March 31, 1999.

EOI should also include the names of key contacts and their address, telephone and fax numbers and should be submitted to the PC with a copy to the Financial Advisor by March 31, 1999 at:

Privatisation Commission
5-A Constitution Avenue, EAC Building,
Islamabad, Pakistan
Tel: (9251)-920-5146, Fax: (9251)-920-3076
Attention:
Mr. Ahmed Waqar (*Joint Secretary*)
Tel: (9251)-920-5146
Mr. Abdul Ahad Effandi (*Consultant Banking*)
Tel: (9251)-920-1955

Investment Banking Group, Citibank N.A.
AWT Plaza, 1,1 Chundrigar Rd,
Karachi, Pakistan
Tel: (9221)-111-999-999, Fax: (9221)-263-8972
Attention:
Mr Muhammad Azimuddin (*Investment Bank Head*)
Tel: (9221)-263-8296 (Direct), 2539 (board ext.)
Mr Kamran Anwar (*Vice President*)
Tel: (9221)-263-8294 (Direct), 2523 (board ext.)

The Government of Pakistan, in its sole discretion, reserves the right to respond to any such request for preliminary or other information based on a review of the information provided by any interested investor or consortium. This EOI is not intended to be nor should it be construed as: (a) any offer or invitation to acquire any securities of HBL; and (b) any representations or warranty, express or implied, with respect to any statement made herein.

Privatisation Commission
Government of Pakistan
5-A, Constitution Avenue, EAC Building, Islamabad, Pakistan
Tel # (92-51) 920-5146, Fax # (92-51) 920-3076, 921-1692
E-mail: pcpak@meganet.com.pk

Visit Our Website at: http://www.privatisation.gov.pk

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Prices for Trading on 05.03.99 — Final Prices for Trading on 05.02.99

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	20.25	9.42	9.42	0.00
0100	20.71	9.42	9.42	0.00
0130	20.71	9.42	9.42	0.00
0200	20.71	9.42	9.42	0.00
0230	20.71	21.66	22.07	1.31
0300	23.53	21.66	22.04	1.31
0330	26.68	21.66	22.04	1.31
0400	26.68	21.66	22.04	1.31
0430	10.26	9.42	9.42	0.00
0500	9.44	9.40	9.40	0.00
0530	9.28	9.29	9.29	0.00
0600	10.25	9.29	9.29	0.00
0630	20.23	9.38	9.38	0.00
0700	20.23	22.14	22.52	1.31
0730	20.23	44.57	44.96	1.31
0800	20.23	44.57	44.96	1.31
0830	23.58	42.25	42.64	1.31
0900	23.59	42.26	42.65	1.31
0930	65.73	44.98	45.37	1.31
1000	65.73	49.55	49.94	1.31
1030	49.22	49.55	49.94	1.31
1100	49.22	44.98	45.37	1.31
1130	49.22	44.98	45.37	1.31
1200	47.82	44.98	45.37	1.31
1230	47.81	63.90	64.29	1.31
1300	47.81	63.90	64.29	1.31
1330	33.68	44.97	45.36	1.31
1400	23.56	44.97	45.36	1.31
1430	20.23	44.97	45.36	1.31
1500	20.23	44.97	45.36	1.31
1530	20.23	23.00	23.00	0.00
1600	20.23	13.50	13.50	0.00
1630	20.23	24.46	24.87	1.31
1700	24.67	31.96	32.47	1.31
1730	24.67	45.64	46.27	1.31
1800	51.95	60.42	61.07	1.31
1830	56.41	62.67	63.25	1.31
1900	67.72	49.19	49.66	1.31
1930	58.40	49.03	49.45	1.31
2000	58.37	44.73	45.13	1.31
2030	57.37	31.36	31.75	1.31
2100	33.68	24.47	24.85	1.31
2130	33.68	22.14	22.52	1.31
2200	23.91	25.84	26.22	1.31
2230	23.91	9.40	9.40	0.00
2300	23.91	9.25	9.25	0.00
2330	10.28	9.29	9.29	0.00
2400	9.28	9.29	9.29	0.00

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. [illegible] Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6769 between 8.30am and 5.15pm Monday to Friday.
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PATHÉ

A TRIUMPHANT START TO THE YEAR

"Astérix & Obélix vs Caesar"
6,800,000 admissions in 3 weeks
€ 38 million (FF 248 million) in box office revenues

Following a year of recovery and investment in 1998, 1999 looks particularly bright for Pathé, on the back of the runaway success enjoyed by Astérix & Obélix. Pathé is set to have an outstanding year as a European film producer and distributor.

1998 IN REVIEW

	1998		1997	
In millions	€	FF	€	FF
Revenues	333	2,183	345	2,265
EBITDA*	25	163	(9)	(59)
Net income	31	206	32	210

* *EBITDA : earnings before interest, tax, depreciation and amortization excluding partnerships (BSkyB, CanalSatellite etc.) and capital gains.*

Spectacular turnaround in operating income (EBITDA): 1998 earnings of € 25 million (FF 163 million), versus a € 9 million loss (FF 59 million) the previous year.

Expanded revenues for movie theatres (+11%), television (+46%) and Libération (+3%).

Movie production and distribution at break even: : after a € 27 million loss (FF 182 million) in 1997, EBITDA broke even in 1998.

Admissions top 22 million at Pathé movie theatres in France and the Netherlands, confirming Pathé's status as a European leader in this sector.

- **Television channel Voyage subscribers top 1,700,000:** Voyage is now the leader in its thematic niche in France. Pathé acquired 51% of sports channel AB Sport.

Successful launch of the BSkyB digital package in the United Kingdom. More than 350,000 subscriptions sold in the first four months with a target of 1,000,000 by October 1999.

CanalSatellite confirms its leadership position. The satellite bouquet had more than 1,100,000 subscribers at the end of 1998, and looks likely to enjoy positive cash flow in 1999.

1998 dividend up 10% to € 1.68 (FF 11.02). Three-for-one stock split following the General Meeting called for April 22, 1999.

Pathé on Internet: www.pathe.com

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Notice is hereby given that for the interest period from 1st March, 1999 to 31st August, 1999 (both dates inclusive) the interest rate has been fixed at 7.95313% per annum. Interest payable on 1st September, 1999 will amount to HKD40,092.49 per HKD1,000,000 Tranche B Bond.

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Banco Comercial Português

BANCO COMERCIAL PORTUGUÊS, S.A.
General Meeting of Shareholders
AMENDMENT TO THE CALL NOTICE

Having been made public with an error, one proceeds to the following amendment to the Call Notice of the General Meeting of Shareholders of Banco Comercial Português, S.A., a limited liability company registered under number 40 043 in the Oporto Register of Commerce, with registered office at Rua Júlio Dinis, 705-719, in Oporto, with the paid up capital stock of PTE 200,000,000,000, published in "Diário da República" Series III, dated 20 February 1999, in "Boletim da Bolsa de Valores de Lisboa" dated 19 February 1999, and in the newspapers "Diário de Notícias" and "Jornal de Notícias" dated 22 February 1999:

Where it reads:

6) To resolve upon the increase of the share capital, namely the increase of up to EUR 1,969,690 by incorporation of share premium reserves, through the increase of the unitary nominal value of the issued shares to EUR 5, the consequent amendment to the by-laws (article 5 of the by-laws) and reflex in convertible securities;

It should read:

6) To resolve upon the increase of the share capital, namely the increase of up to EUR 2,000,000 by incorporation of share premium reserves, through the increase of the unitary nominal value of the issued shares to EUR 5, the consequent amendment to the by-laws (article 5 of the by-laws) and reflex in convertible securities

Oporto, February 22, 1999

The Chairman of the General Meeting of Shareholders
(Luís Francisco Valente de Oliveira)

Williams delivers growth in services

By Susanna Voyle

Williams, the security and fire protection group, yesterday delivered the double-digit profits growth in services hoped for by the City as proof that a strategy change was delivering results.

The former conglomerate increased profits and turnover of its services by 15.6 per cent and 10 per cent respectively.

Roger Carr, chief executive, said he was determined to see the shares re-rated. "The market does have lags in its judgments of businesses, but if the business does the right things and it is there clearly in the performance, then the rating comes through," he said.

Mr Carr announced a 82 per cent rise in 1998 pre-tax profits to £462.5m ($748m) – flattered by an exceptional gain of £170.1m.

The results showed Williams achieved the £40m improvement in profits promised during Chubb's acquisition – with £5m-£7m coming from improved revenues and the rest from cost savings.

Williams could spend up to £800m on bolt-on acquisitions this year and plans to stimulate growth with an extra £5m in marketing to underpin its Chubb, Yale, Kidde and Sicli brands.

Mr Carr said Williams was on track to sell off its paints businesses, which analysts think could fetch £300m-£350m.

FOOD PRODUCTION GROUP PINS HOPE ON SHARE PRICE AS RESTRUCTURING STALLS

Hillsdown may go private

By Maggie Urry

Hillsdown, the problem-hit food producer, may go private if efforts to improve the share price do not pay off, Michael Teacher, chief executive, said yesterday.

The company said it had abandoned attempts to sell its poultry business, which it had once hoped would raise more than £200m ($324m), until the cycle improved.

It said its planned return of cash to shareholders was unlikely for at least a year.

Hillsdown last year formulated a restructuring plan involving two demergers and a number of disposals. The demergers took place in October, but since the sale of its poultry breeding and continental biscuits businesses, the plan has almost ground to a halt.

Although talks to sell the wines and spirits business are continuing, Hillsdown has decided to retain its potato business. The furniture division is to be retained as there were no acceptable offers for it, the group said.

Mr Teacher said potential buyers wanted to see 1999 trading results before making a decision.

Meanwhile, Mr Teacher said, the group was looking at selling some of its 450 chicken and turkey farms to release some of the more than £200m capital tied up in the loss-making poultry business.

Mr Teacher, who reported a fall in underlying profits in 1998, said the group's share price had been hit by the stock market's aversion to mid-cap stocks and the general fall in the food sector.

UK institutions were not buying the shares at all, he said, but American "value" investors had, and more than 35 per cent of the shares were now held in the US.

He said the group had received no more bid approaches following *Unigate's tentative offer of* £1.6bn in May, which was accepted by Hillsdown but then withdrawn by Unigate.

The shares rose 3½p to 73¼p yesterday, valuing Hillsdown's equity at £268m. The group had net debt of £281m at the year end.

It has since sold its continental bakeries business, reducing the debt Including the value of the shares demerged businesses, Terranova and Fairview.

Investors have seen the value of their holdings halve since the restructuring plan was mooted a year ago.

Mr Teacher said: "If Hillsdown had done nothing and performed in line with other mid-cap stocks, the share price would be about where we are now." He said he had personally bought *shares recently, and his* intention was "to get the best out of our business for shareholders".

Sir John Nott, chairman, is to retire as executive chairman at the annual meeting in May. Peter Jacobs, who joined the board as a non-executive director in December, is to become non-executive chairman.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Biocompatibles Int	Yr to Dec 31	16.2	(14.6)	43.7L♥	(28.1L)	49.9L†	(38.1L)	-	-	-	-	-
Calderburn	Yr to Dec 31	43.8	(39.1)	4.59	(2.2)	9	(4.32)	2.3	-	0.8	3	1.2
Elementis	Yr to Dec 31★	1,043	(1,919)	9.6♠	(106.2L)	0.3†	(15.5L)	3	May 4	-	5	3.6
Furlong Homes ϕ	Yr to Dec 31	23.8	(18.7)	3.05	(2.12)	32.8†	(24.7)	4.3	May 4	3.2	7.5	5.5
Hillsdown Holdings	Yr to Dec 31	2,574	(3,094)	123.2♥	(110.3♠)	15.2●	(10)	4	Jul 1	7.8◆	6.25□	10◆
Mirror Group	53 wks to Jan 3	697	(559)	100♠	(80♠)	14.7†	(13.5)	3.7	May 21	3.5	5.3	5
Oxfd GlycoSciences	Yr to Dec 31	5.11	(1.92)	8.68L	(7.64L)	25.9L†	(36.78L)	-	-	-	-	-
PowerGen	9 mths to Jan 3☆	2,489	(3,122)	245L♠	(210♠)	24.1L	(19.5L)	14.1	May 13	20	24.1	29
Renishaw	6 mths to Dec 31	44.4	(43.7)	11.07♥	(9.75)	11.1	(9.5)	3.66	Apr 19	3.32	-	9.55
Rolls-Royce	Yr to Dec 31★	4,687	(4,552)	325♠	(276♥)	17.25	(15.16)	4.1	Jul 5	3.7	6.55	5.9
Royal & Sun Alice	Yr to Dec 31★	9,723■	(9,225■)	878♠	(1,831♠)	28.7	(91)	15.2	Jun 1	13.85	71§§	21
Sanderson Bramall	Yr to Dec 31	832.1	(642.4)	17.1	(15.6♥)	31.67	(32.19)	4.23	May 1	3.68	6.35	5.52
Telemetrix	Yr to Dec 31	93.3	(116.7)	7.11L♠	(4.88♠)	5L	(4.4)	1.75	July 1	1.6	1.75	1.6
Total Office ϕ	Yr to Nov 30	68.9	(60.9)	0.042	(2.34)	0.6L†	(8.6)	nil	-	3.4	1.8	5.2
Vickers Engineering	Yr to Dec 31	892.5	(1,197)	157♥	(19.4♠)	41	(0.7L●)	4.5	May 5	4.5	7.2⁂	7.2
White Young Green	6 mths to Dec 31	16.4	(14.4)	1.24	(0.17)	4.3	(1L)	1.6	May 6	1.5	-	3.5
Williams	Yr to Dec 31	2,447	(2,229)	462.5♥	(254♠)	42.1†	(19.8)	10.04	May 14	9.75	16.29	15.6

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ϕAim stock. ★Comparatives restated ●On reduced capital. ◆Payable on 10p ordinary shares. □Includes interim of 2.25 payable on 10p ordinary shares. ☆Comparatives restated and for Yr to Mar 29 ■Net premiums written. §§Includes special of 48p to be paid on June 1 ⁂Excludes special of 80p.

Sir Ralph Robins, chairman (right) and John Rose: can survive downturn David Ahmed

Rolls-Royce promises to meet growth targets

By Michael Skapinker, Aerospace Correspondent

Rolls-Royce, the aero engines and industrial power group, yesterday announced pre-tax profits up 18 per cent to £325m last year, and said it could weather the coming aircraft industry downturn.

John Rose, chief executive, said the group had met its target of providing double-digit earnings growth, and could continue to do so for the next few years.

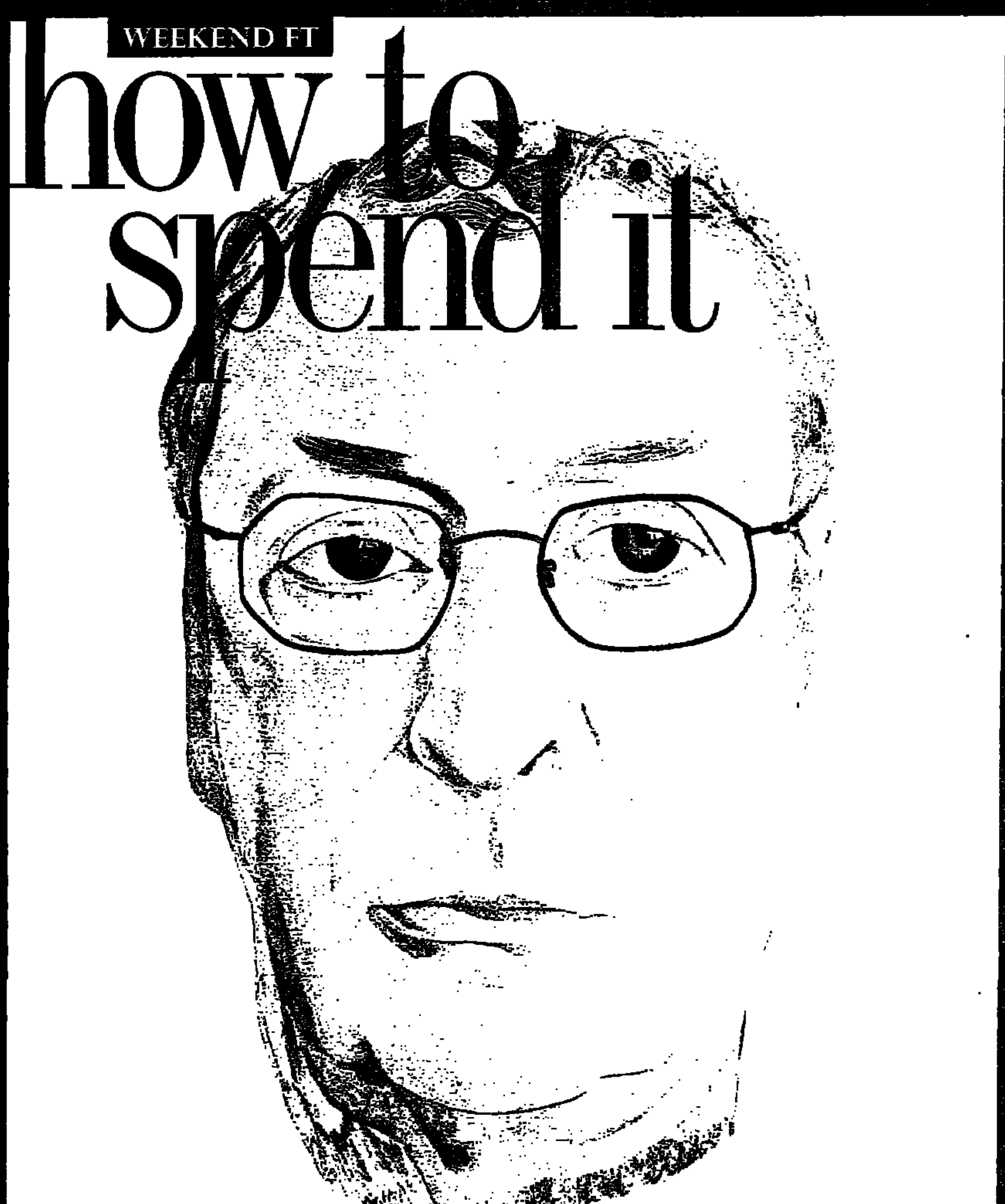
Moody's Investors Services, the credit rating agency, said this week that civil aircraft orders would peak this year, before declining in 2000 and 2001. However, Mr Rose said Rolls-Royce's increased market share meant it would be cushioned against the effects of the downturn.

The company had won 35 per cent of engine orders worldwide last year, compared with the 50 per cent taken by General Electric of the US and Snecma, its French partner. Pratt & Whitney of the US had won 15 per cent of orders, Mr Rose said.

Rolls-Royce had an order book of £10.4bn by the year end, a 30 per cent increase on 1997. A further £2.2bn of orders have been announced but not signed. Orders from airlines in the US and Europe meant the group was less exposed to the financial crisis in Asia.

Turnover for the year to December 31 was up 10 per cent to £4.3bn.

The final dividend is 4.1p, bringing the total to 6.55p, an increase of 11 per cent.



framing Caine, jogging brain, regaining fame

Icons through the eyes of a portrait painter, a new fitness regime for the brain and Yohji Yamamoto's second honeymoon with the fashion world. All in how to spend it magazine, free with the Weekend FT tomorrow.

FINANCIAL TIMES
No FT, no comment.

Weather fails to warm PowerGen

By Andrew Taylor, Utilities Correspondent

PowerGen has blamed mild weather and overcapacity for a bigger than expected fall in pre-tax profits in the final nine months of last year.

The electricity company, which is the process of selling two of its larger power stations, warned yesterday that generating profits would be further squeezed this year. The disposals will cut its UK capacity by more than a quarter.

PowerGen said January and February had remained mild while the sale of the two power stations would reduce pre-tax profits by up to £60m ($97m) over 12 months.

Preferred bidders for the two stations, Fidlers Ferry and Ferrybridge, are expected to be announced next month. The combined sale price is likely to be about £1bn. The company is required to sell them in return for being allowed to buy East Midlands, the UK's third largest power supplier, for £1.9bn.

The group's shares yesterday fell 19½p to 767¼p after it announced that nine months pre-tax profits to January 3 fell by almost 15 per cent to £320m (£376m) before exceptionals and goodwill amortisation. Including exceptional charges of £537m, mostly to cover the cost of buying out expensive long-term gas contracts, there was a pre-tax loss of £245m.

PowerGen, which is switching to a December year end, said mild weather at the end of 1998 had reduced profits by £40m.

East Midlands contributed operating profits £87m before goodwill amortisation of £28m in the final five months of last year.

Group turnover rose by almost 15 per cent to £2.34bn (£2.04bn) boosted by £537m of sales from East Midlands. UK electricity and gas profits fell to £293m (£368m). PowerGen's share of the generation market, which last year fell from 19.5 to 18.2 per cent, will fall to 14 per cent as a result of the plant sales

Peter Hickson, finance director, said the group remained in talks with a number of companies in the US power sector, but was unlikely to complete an early transatlantic deal. Merger talks between PowerGen and Houston Industries broke down last year.

Vickers rejects Ulstein criticism

By Michael Peel

Vickers, the engineering group, yesterday hit back at criticism of its acquisition of Ulstein, the Norwegian maritime equipment company.

Some analysts had attacked the decision of the group, which is in the throes of restructuring, to expand its marine business. They argued the £359m ($582m) it effectively paid for Ulstein could have been better spent in a less cyclical sector.

Vickers said the reshaped group will earn about 40 per cent of revenue from its marine business. "We are in a specialist vessels market that is growing at 5 to 7 per cent per annum," said Paul Buysse, chief executive.

Mr Buysse's comments came as he revealed results for 1998. Pre-tax profits jumped from £19.4m to £157m on sales down 25 per cent at £892.5m.

The results were, however, distorted by a £162m gain from disposals that included the sale of Rolls-Royce Motor Cars to Volkswagen of Germany.

BAA to take over Eurotunnel terminal retailing operations

By Charles Batchelor, Transport Correspondent

BAA, the airports operator, *is to take over Eurotunnel's* retailing operations at the Channel tunnel company's Folkestone and Calais terminals on July 1 – the date set for abolition of duty-free sales in the European Union.

The two companies yesterday signed a 15-year partnership agreement which will allow Eurotunnel to concentrate on its rail activities and bring BAA's broader retailing expertise to the two terminals. BAA will make no down-payment to acquire the concession, but will give Eurotunnel a percentage of sales and a guaranteed minimum annual payment.

The deal is the first large contract in continental Europe for BAA's travel retail subsidiary, World Duty Free. It operates shops at BAA's UK airports and at *65 border crossings between the US and Canada and the* US and Mexico.

The European Commission insists it will keep to the July 1 deadline for abolishing duty-free sales, but several governments are continuing to press for its extension. A last-minute reversal of the decision cannot be excluded.

The two Eurotunnel terminals have turnover of about £190m and represent the largest duty and tax-free sales outlets in Europe after Heathrow airport, which has sales of £270m.

BAA plans to redesign the two Eurotunnel terminals, which currently have a combined retail area of 5,000 square metres. It intends to expand them by 50-60 per cent over the next two to three years.

"We want to move away *from the commodity busi*ness of liquor and tobacco to specialist shops," said Brian Collie, BAA retail director.

The shops will sell a wider range of confectionery, electrical goods and fashion items, and eating facilities will be expanded.

"We have the uncertainty surrounding duty free sales which may continue or may not," said Bruce McKendrick, Eurotunnel retail director. "We are handing over the problem of dealing with the transition period to an operator which is far better equipped to deal with it."

BAA expects Eurotunnel's retail sales to drop to £100m in 2000 after duty free is abolished.

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NOTICE IS HEREBY GIVEN that for the Interest Period 5th March, 1999 to 7th June, 1999 the Rate of Interest has been fixed at 3.48563% per annum. The interest accruing for such three month period will be ITL 45,507 per ITL 5,000,000 Note and ITL 455,068 per ITL 50,000,000 Note against presentation of coupon No. 10.

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GEC hopes for a fairy-tale ending to its telecoms adventure

The acquisition of Reltec should improve access to the US market and supply important technology, says **Christopher Price**

General Electric Company this week took its first step towards becoming a significant force in telecommunications equipment, with the $2.1bn (£1.31bn) purchase of Reltec, the US networking products group.

The logic of the deal, which came just six weeks after GEC sold its defence business to British Aerospace for £7bn, was applauded by investors and analysts. GEC's shares rose 11 per cent in three days.

GEC needed more exposure in the US, the world's biggest communications market. The UK group also lacked the technology to take advantage of the explosion in the data networking market. Reltec's expertise should help solve that.

However, a nagging doubt remains that GEC is still a small operator in a market which has been consolidating rapidly – as this week's deals by Alcatel and Siemens have demonstrated.

This issue is dismissed by Lord Simpson, GEC chief executive, who says: "It's not who is the biggest, but who is the fastest that counts." By being nimble and focusing on specific areas of technology, he believes GEC will be in a strong position to exploit the communications revolution.

GEC certainly won plaudits for moving so quickly after striking the BAe deal.

The sale of the defence electronics business, which is still under official scrutiny, left GEC with two main components: the systems business, comprising point-of-sale equipment, petrol pumps, inkjet machines and medical equipment, and the telecoms equipment business.

It was the merger last year of Marconi Spa and GPT that led to the creation of Marconi Communications, GEC's telecoms and systems integration business. With turnover of £1.8bn, it accounts for about 50 per cent of the post-BAe deal group. Following the Reltec purchase, this will rise to about 60 per cent.

Marconi has a strong position in equipment to facilitate the transmission process. In particular, it is a leader in equipment for the backbone of the telecoms system, known as the SDH (Synchronous Digital Hierarchy) market, supplying cross connectors, multiplexers and network controls for telecoms operators.

The purchase of Reltec also gives Marconi a position in the "access" market, which supplies the "last mile" connection between the customers and the network.

With the explosion in data traffic, the access market has become infamous for bottlenecks in telecoms systems. Reltec develops and manufactures products designed to ease these problems.

Combining Marconi and Reltec gives GEC a portfolio of products covering the transmission process from generation to home.

As important, according to Lord Simpson, is the foothold GEC gains in the US market. Reltec supplies most of the big telecoms and cable operators there, as well as other blue-chip communications groups. Introducing Marconi products into the US on the back of Reltec's relationships would be an additional benefit for GEC.

Martin Smith, an analyst with Robert Flemings, the UK stockbroker, says: "This is a very smart deal for GEC. I think it makes it big enough to succeed and places it in a position where it will be able to take advantage of the rapid changes in the US telecoms market."

Even with the rise in the shares – which are up more than 20 per cent since the defence demerger was mooted in December – he believes GEC remains undervalued as a technology stock.

"The systems business is very IT-driven, and with the telecoms side as well, we see plenty of upside in the shares from here."

Stripping out the BAe sale, GEC's cash and non-technology businesses, Mr Smith calculates that the stock is sitting on a forward multiple of just 11 times. This is a third of the valuation put on fast-growing IT and telecoms groups.

However, a point conceded by GEC is that the company has some way to go before its earnings growth matches that of the sector leaders.

Earnings growth at Marconi, for example, is about 2 per cent, although part of GEC's strategy is to raise this above 15 per cent within two years.

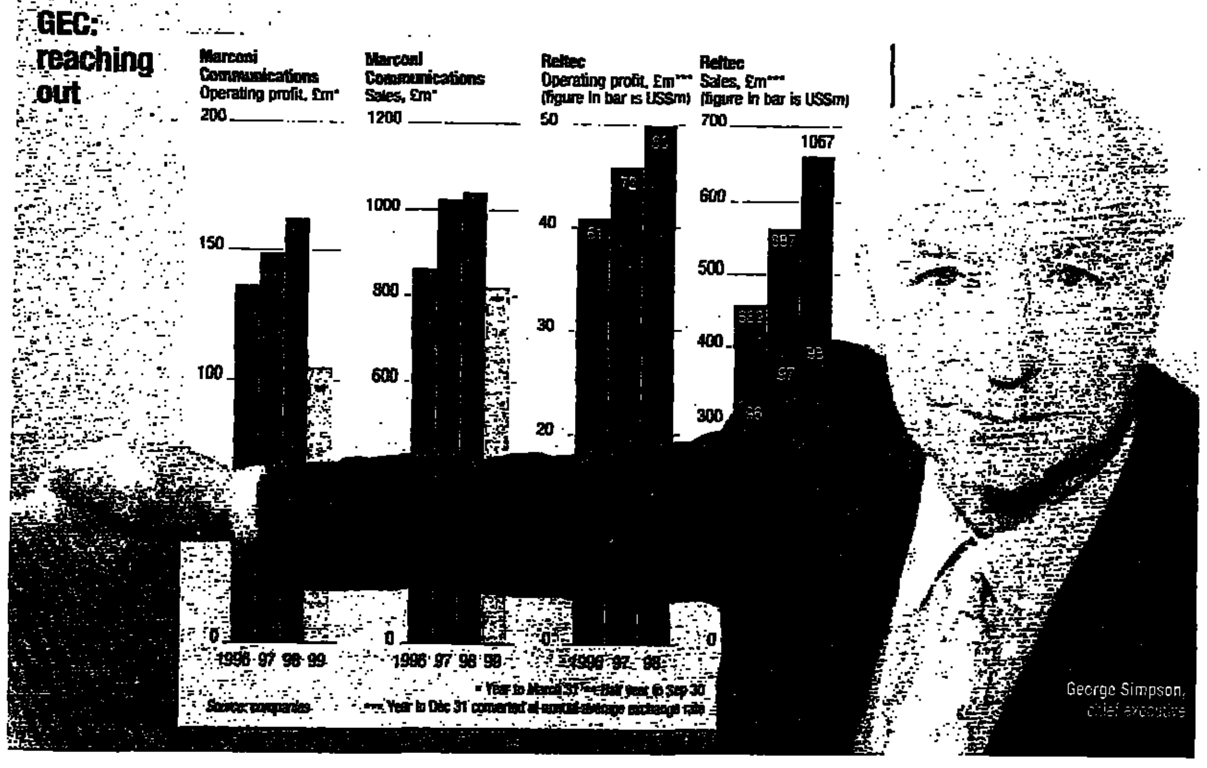
It blames shared ownership of GPT for the lacklustre earnings growth, but says that, with full control of management, the situation will improve rapidly.

While the company may be concentrating on developing its business organically and integrating Reltec, analysts are speculating about where it might spend some of its estimated £1bn cashpile next.

Lord Simpson says intriguingly that data-switching and routing, particularly for the internet, are areas in which potential targets may be sought. A move into this area would put GEC right at the heart of the telecoms revolution.

Lord Simpson also sees potential to expand through acquisition in geographic markets where the group's presence needs improving, in countries such as Germany and Italy.

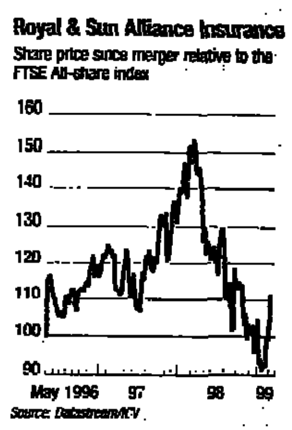
"At the moment, we are still an ugly duckling in the telecoms market. People don't quite know what to make of us, but I believe in five years' time we will emerge as a beautiful swan," he said.



COMMENT

Royal & Sun

Royal & Sun Alliance took another step out of the doghouse yesterday with a £750m special dividend and better than expected results. But the near 7 per cent jump in the share price owed as much to the market's more positive mood on general insurance than to real surprises from RSA. Having punctured expectations in November, it was not so hard to do a little better. As for the cash return to shareholders, it could have been bigger. After all, RSA was going to find about £1½bn to part-fund a bid for Guardian Royal Exchange. It still has headroom for acquisitions to offset the welcome pruning of poorly performing areas.



Bob Mendelsohn, chief executive for just over a year, has also stuck some bristles back into his new broom image. Although more than £200m of merger savings have been swamped by falling premiums, the cost base has contracted from £2.2bn in 1995 to £2.1bn last year. The cutting goes on, but RSA's gains in year three will not look as exciting as those from the CGU merger in year one. Further gains will increasingly rely on more efficient management, rather than eliminating duplication.

It also remains unclear what RSA's grand plan is. Its main territories – North America, the UK, Scandinavia, Australia – look like a geographic socket into which the likes of Allianz could insert its euro-zone ball. At least, with the shares back at 1.3 times net assets, the group is no longer in danger of going for a song.

Eurotunnel/BAA

Shopping and travelling will go together long after duty free sales are consigned to the European single market dustbin. So it is good to see Eurotunnel and BAA demonstrating the continuing potential for retail development. Indeed, at BAA's existing sites duty free accounts for only 20 per cent of revenues, and its importance is declining. Retailing and catering have developed apace at British Rail stations without the benefits of tax breaks. The fact is that people waiting for trains, boats and aircraft are captive shoppers.

The challenge for BAA will be to divert motorists using the "turn up and go" Eurotunnel services, especially at the UK end with its higher alcohol and tobacco taxes. Perhaps they should try a cut-price brands format – such as the Designer Village at Bicester – a more up-to-date way than duty free of offering discount shopping.

Elementis looks to make more purchases

By Virginia Marsh

Elementis, the chemicals group, may return more cash to shareholders after giving back £402m ($650m) last year, but would rather use its balance sheet to fund further acquisitions.

"If we don't find the right acquisition at the right price, returning cash remains an option," said Lyndon Cole, the new chief executive. He added that Elementis, the former Harrisons & Crosfield, was not looking at any deals at the moment. "For the next six months the emphasis will be on driving results. It won't be full steam ahead on acquisitions until after that."

The group, which has sold its food interests to concentrate on chemicals, said yesterday trading conditions had deteriorated through last year and the difficulties had carried over into 1999.

"We are under no illusions as to the competitive conditions we face, particularly given the uncertainty over the outlook for the global economy," it said.

Pre-tax profits were £9.6m after exceptional charges and goodwill of £40m in 1998, against a loss of £106.2m after exceptionals of £185.5m.

Royal & Sun to repay £750m

By Andrew Bolger in London and William Hall in Zurich

Royal & Sun Alliance, the UK's largest general insurer, yesterday said it would give £750m ($1.2bn) back to shareholders through a special dividend and share consolidation – while also announcing a £240m US disposal.

The group is anxious to regain the confidence of shareholders who were alarmed by its recent attempt to gain control of Guardian Royal Exchange, the rival composite insurer which instead opted to recommend a £3.2bn bid from Sun Life and Provincial, the UK arm of Axa, the French insurer.

Bob Mendelsohn, chief executive, said: "We have more capital than we currently need." He stressed the group's main focus was not on buying and selling companies.

Royal & Sun's shares closed 37p higher at 568½p after the group announced full-year results that showed a sharp drop in operating profit, but were slightly better than forecast.

Shareholders will receive a special dividend of 48p per share. There will be a proposed share consolidation of 10 new ordinary shares for every 11 existing shares, plus a 9.5 per cent increase in the annual ordinary dividend to 23p.

Royal & Sun said it would sell its US life operation, comprising Royal Maccabees Life Insurance Company and Royal Life Insurance Company of New York, to Swiss Re Life & Health for about £240m.

Mr Mendelsohn said: "Although our life operation in the US is a well run and profitable company, the scale of investment required to make it a major force in the US market is more than we wish to make at this time. Thus we have decided to sell our existing US life insurance companies and will concentrate, at this time, on developing our core general insurance business in the American market."

The acquisition of Royal Maccabees Life comes less than four months after Swiss Re completed its $1.8bn purchase of Life Re, a fast-growing US life insurer, and is its fourth big acquisition in the last three years.

The Life Re deal took Swiss Re into administrative insurance, a new product line, and yesterday's acquisition will further strengthen its position in this area.

This year Swiss Re shares have underperformed the market but they closed SFr36 higher at SFr3,185 yesterday.

HELLENIC PETROLEUM

PRESS RELEASE

The Hellenic Petroleum Group of Companies more than doubled its consolidated profits before tax in 1998 to drs 40.2 bn on revenues of drs 659 bn, compared to drs 15.7 bn earned in 1997 on revenues of drs 744 bn.

Refinery sales volumes (wholesale) reached 10.6 mil tons, up 3.5% from 1997, while marketing sales (retail) reached 4.0 mil tons, approximately the level of 1997. Both refinery and marketing improved their sales mix.

Hellenic Petroleum S.A., the parent company, registered earnings before tax of drs 32.7 bn (drs 9.1 bn in 1997), EKO-ELDA, the marketing subsidiary, drs 7.0 bn (drs 5.2 bn in 1997), and ASPROFOS S.A., the engineering subsidiary, drs 1.1 bn (1.4 bn in 1997).

Group earnings before depreciation, provisions and financing costs reached drs 63.1 bn and operating profits drs 43.5 bn, compared to drs 50.4 bn and drs 30.8 bn respectively for 1997.

The improvement in earnings was primarily the result of better sales and refinery utilisation, improved refinery margins and effective cost control. Earnings improved despite the negative impact on inventory valuation due to the sharp reduction in oil prices during the year.

The Group's investment program proceeded in 1998 as planned with contracts signed for the construction of the polypropylene and BOPP-film plants in N. Greece, the acquisition of the Petrolina and G. Mamidakis marketing companies and the investments necessary to comply with the Auto oil specifications. Total capital expenditures in 1998 reached drs 47.6 bn compared to drs 22.4 bn in 1997.

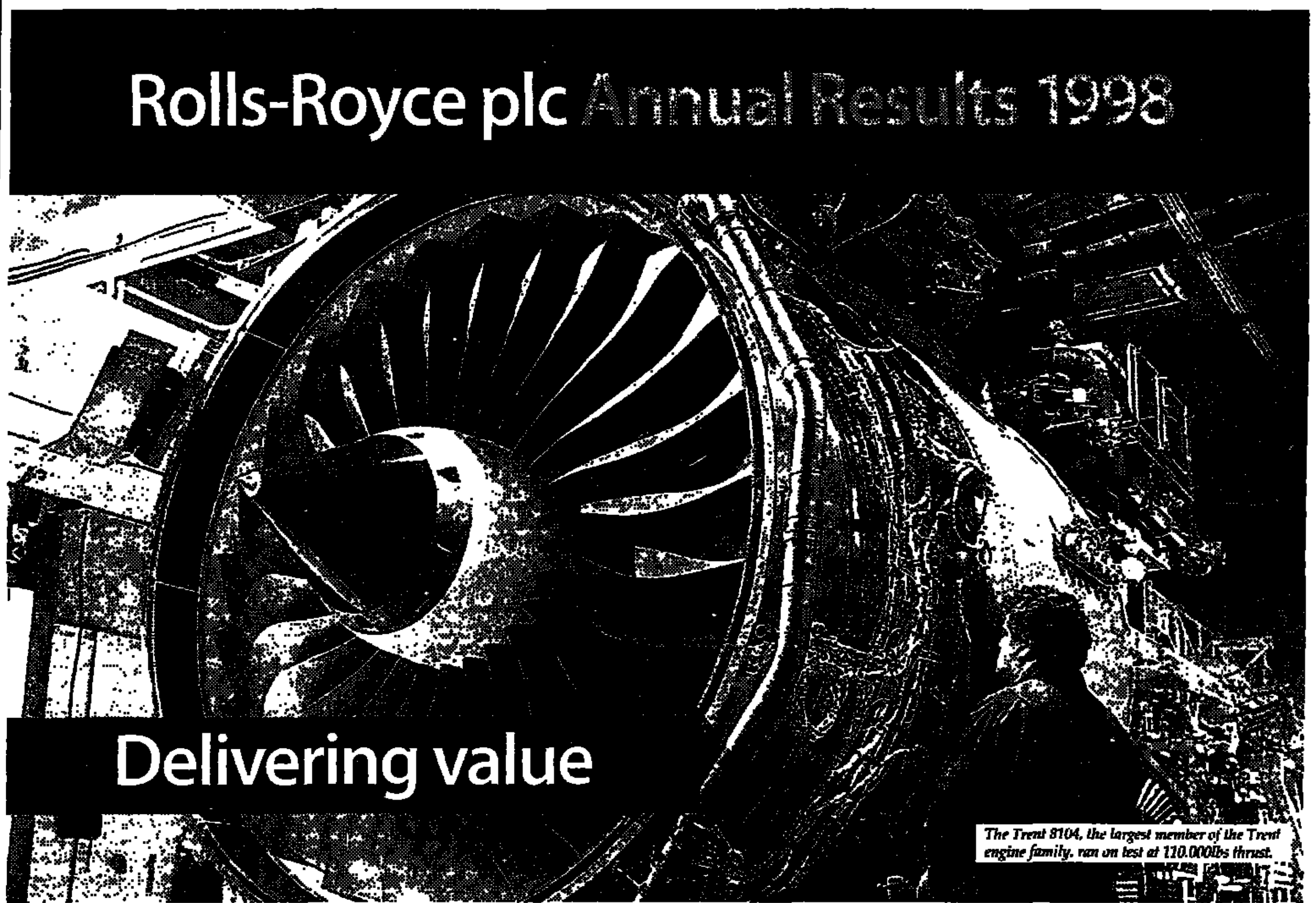
The statutory accounts, restated to conform with the International Accounting Standards, showed for 1998 the following consolidated results:

	drs. bn
Operating Profit	36.6
Income Before Tax	35.3

The difference between the Greek GAAP and IAS financial results is primarily attributed to the accounting treatment of foreign exchange losses and retirement provisions.

Complete IAS financial statements are available at the offices of the Law Firm:

SHERMAN & STERLING
199 BISHOPSGATE
LONDON EC2M3TY



The Trent 8104, the largest member of the Trent engine family, run on test at 110,000lbs thrust.

"Rolls-Royce has entered 1999 in a strong position.

"We are committed to delivering shareholder value. In 1998 the company demonstrated its ability to generate profit in the short term, while continuing to invest for long-term value.

"We continue to target double digit earnings growth, while building embedded value for shareholders from the revenue created by aftermarket opportunities."

Sir Ralph Robins, Chairman

	1998	1997	
Sales – continuing operations	£4,326m	£3,944m	up 10%
Profit before tax	£325m	£276m	up 18%
Underlying earnings per share*	16.91p	15.16p	up 11%
Dividend per share	6.55p	5.9p	up 11%
Order book	£10.4bn	£8.0bn	up 30%
Return on capital employed	15.8%	14.2%	up 11%

*Underlying earnings per share are stated before exceptional and non-operating items.

1997 comparative figures have been restated to reflect Financial Reporting Standard 9, 'Associates and Joint Ventures'.

The recommended final dividend is 4.1p, making a total of 6.55p for the year. The final dividend is payable on July 5, 1999 to shareholders on the register on April 30, 1999. The ex-dividend date is April 26, 1999.

Rolls-Royce plc, 65 Buckingham Gate, London SW1E 6AT.
www.rolls-royce.com

Rolls-Royce

The comparative figures for the year to 31st December, 1997 have been abridged from the Group's accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

MARKETING BRAND LIFE EXPECTANCY

Fading stars of the global stage

Product-based brands are beginning to look out of date, writes **Richard Tomkins**

Levi's jeans are fading. Kellogg is losing its crackle. Woolworth has shut up shop. Whatever happened to the power of the global brand?

These days, it seems, a history spanning generations and a high-ranking position in the list of the world's best-known names is just not enough to cut it in the global market place.

As recently as 1997, a study by the Interbrand consultancy listed Levi's as the world's eighth greatest brand. But Levi Strauss has now said that it will close half its North American factories after sales fell 13 per cent last year.

This is only the latest setback for a company that has been struggling for at least two years. Levi's are no longer the uniform of the world's youth: they are the jeans your parents wear.

That same Interbrand study put Kellogg in 16th place. But the US breakfast cereal company recently reported that poor sales had sent underlying net profits tumbling by 22 per cent to $549m last year. It has also announced the departure of Arnold Langbo, its chief executive.

As with Levi Strauss, Kellogg's woes are a case of bad news getting even worse. Milk-sodden cereals are no longer the breakfast of choice for time-starved consumers: they want something they can eat on the hoof. And Kellogg's share of the cereal market has shrunk because its high prices have created a strong demand for cheaper, unbranded products.

Woolworth's problems were already so advanced two years ago that it failed to make the Interbrand rankings. Even so, it came as a shock when the venerable US retailer announced that it was closing the Woolworth chain in North America and selling the remaining Woolworth stores abroad.

Woolworth is one of the biggest names in US retailing history, but by 1997 the company had decided the variety store was dead and the brand worthless. It is now mainly a sportswear retailer and has changed its name to Venator.

Do these stories imply that all brands, however big, are eventually doomed to fade?

One thing Levi's, Kellogg and Woolworth have in common is that they are identified with a specific product. That kind of brand is prone to at least two risks: first, that someone will replicate or improve on the product; and second, that it will fall out of fashion.

Increasingly, such product-based brands are looking out of date. Today, a new kind of brand is emerging: what Julian Saunders, chief executive of Conquest, the London advertising agency, calls the philosophy brand.

"Philosophy brands express a certain attitude towards life...the brand can export that attitude and that philosophy and stretch it into a variety of different areas – like Nike, with its 'just do it' attitude, which has developed from being just a sports trainer brand into clothing and accessories."

Yesterday's brands: established names are now struggling in the global market place — Ronald Grant Archive

'The brands that have prospered are those that have . . . reinterpreted themselves to appear relevant'

Chris Cleaver, director of brand development at Interbrand's London offices, agrees. A true brand, he says, transcends product format and has a relationship with the consumer that has more to do with the beliefs the brand expresses than the product itself – like Virgin, a name found on everything from vodka to railways.

"Markets are changing dynamically, and the brand that is too closely associated with any particular product format or physical manifestation, and which doesn't use the power of that relationship to extend and evolve into new formats and markets, is probably destined to curl up and drop off the perch," Mr Cleaver says.

With this in mind, it is possible to suggest where Levi Strauss, Kellogg and Woolworth went wrong. Levi's came to mean five-pocket western jeans when it could have meant youthful rebellion. Kellogg came to mean cornflakes when it could have meant the healthful moment. Woolworth denoted a cheap variety store when it could have been value for home and family.

So what is an old, product-based brand to do? Death need not be inevitable. Lee Taylor, an Ogilvy & Mather planning director, says accepting the natural life-cycle notion is "a counsel of despair".

"The brands that have prospered are those that have retained the core of what they were but reinterpreted themselves every now and again to make themselves look relevant."

Levi Strauss seems to be going down a different road. It is gradually pulling out of manufacturing, aiming instead to be a customer-focused brand management company with a family of brands including Levi's, Dockers and Slates.

Meanwhile, Kellogg has lost its way, and for Woolworth, it is too late – with the exception of a few overseas markets such as the UK, where the brand has been successfully reinterpreted by new owners.

These companies' experiences raise worrying questions about the future of other big brand owners. What, for example, is the outlook for companies so closely identified with a single, mature product that one adopted the slogan "Beanz Meanz Heinz" and another called itself Campbell Soup?

And then there is Coca-Cola. In 1971, the company tried to build an emotional bond with its customers with its "I'd like to buy the world a Coke" campaign, probably one of the best known in advertising history. But Robert Goizueta, the company's chief executive, never thought much of the ad, prefering to concentrate on widening the product's distribution instead.

Now, even the mighty Coca-Cola is struggling. In January, it reported that net profits plunged 27 per cent to $597m in the fourth quarter, its worst downturn in recent memory. A few days later it emerged that the company was planning to launch a line of Coca-Cola clothing, taking the brand into uncharted territory. The success or failure of the venture may show whether Coca-Cola means a fizzy drink, or something more.

HEALTH HERBAL SUPPLEMENTS

Drugs return to their roots

An Israeli company has developed a diabetes treatment from olive leaves, says **Judy Dempsey**

When scientists at HerbaMed carried out surveys among ethnic groups in Israel, they discovered Yemenites who claimed never to have heard of, let alone suffered from, diabetes, before arriving in the country.

The small Israeli company, which specialises in developing and producing nutraceuticals and food supplements, was puzzled. It then started looking at the Yemenites' diet.

In Yemen, the respondents told HerbaMed, they used to eat or chew olive leaves. Upon emigrating to Israel, many discarded their traditional diet, turning to fast foods or simply a different diet. That was when, they said, the first incidence of diabetes occurred.

HerbaMed found that with treatment from olive leaves, the sugar level in the blood of diabetes patients could be lowered. After carrying out tests on 85 patients during 1996, HerbaMed recently started marketing O'life, a product consisting of pure-grained olive leaves that is used to treat non-insulin-dependent diabetics.

It found that during a double-blind, controlled clinical trial, O'life could help patients by reducing haemoglobin/carbohydrate complex levels and by lowering insulin levels during fasting, without causing the side-effects associated with conventional medications.

For several years, HerbaMed has been selling other plant-based products, notably the cactus, whose powder it has used to support healthy prostatic functions.

Dagiel Dagan, president and chief executive of HerbaMed was convinced it was not enough to offer an alternative to patients who were tired of conventional medical practices.

HerbaMed (*www.herbamed.co.il*) had to prove to the public and to a sceptical pharmaceutical industry that its drugs were both efficacious and safe. "We started using proprietary technologies to improve the efficacy of natural substances," says Mr Dagan. "We conduct clinical studies that follow rigorous guidelines of the pharmaceutical industry to prove empirical evidence of health benefits".

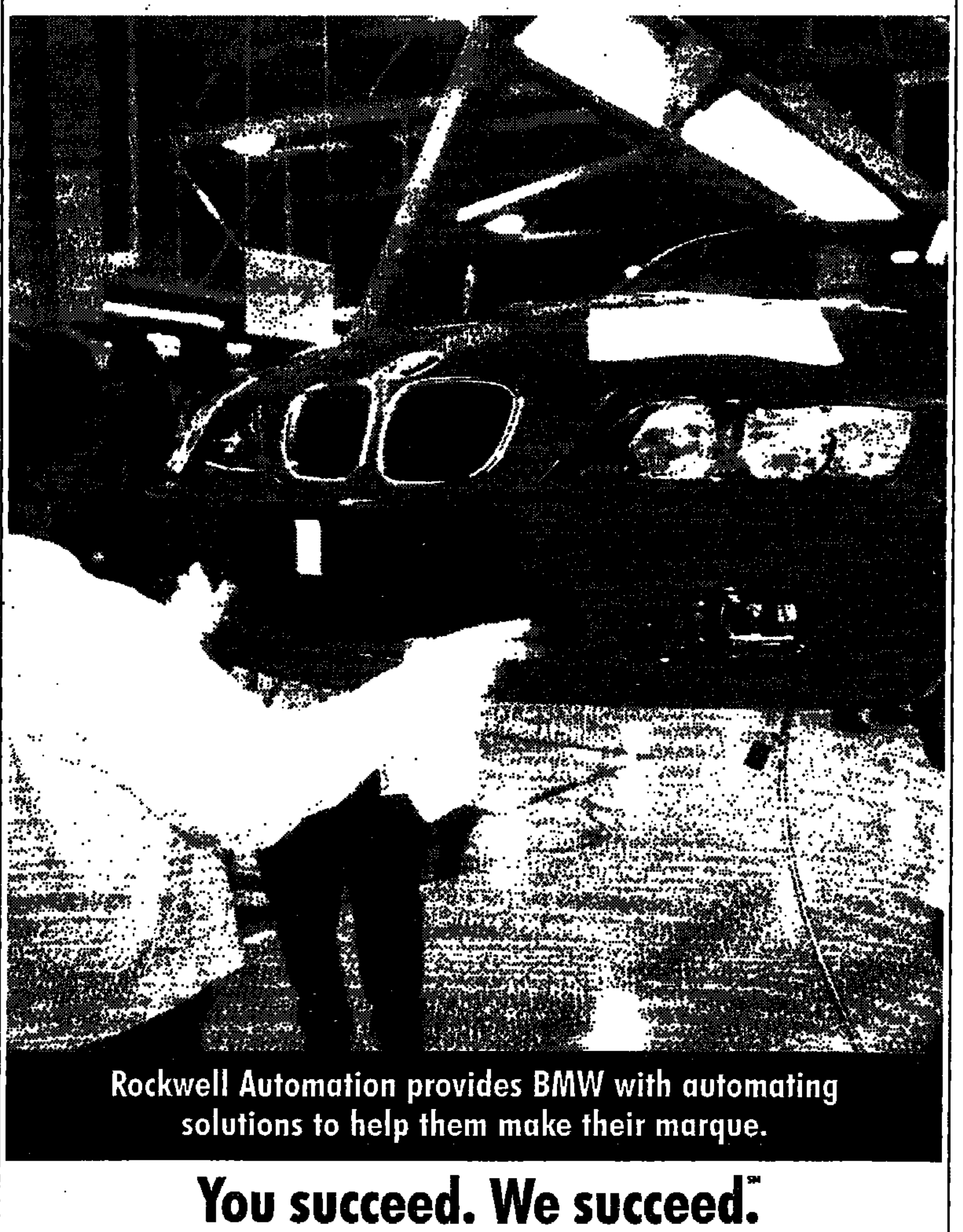
HerbaMed, founded in 1990 by Professor Haim Aviv, one of the pioneers of Israel's biotechnology industry, has carved out a niche in Europe. Last year, it had sales of $1.5m, with Europe and Russia accounting for 35 per cent of revenues.

The company believes the pharmaceutical industry is changing its attitudes. In Germany, doctors are required to take courses in herbal remedies, while Germany's Commission E, a government watchdog body, each year assesses which natural health medicines are safe and may be marketed. In the US the Food and Drug Administration was recently advised to appoint a committee to evaluate the safety and effectiveness of herbal products. But marketing and research is expensive. HerbaMed's start-up capital of $500,000 is all but exhausted and its private placement of the same amount was too low. "Our future is outside Israel," says Mr Dagan.

Life-enhancing leaf: benefits non-insulin dependent diabetics

Rockwell

Electronic Controls and Communications



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SCIENCE VIEWPOINT HENRY MILLER

Throttled by red tape

Proposed international rules to govern biotechnology are harmful to consumers, anti-competitive, and catastrophic for research

Aspiring biotechnology regulators around the world were dealt a cruel blow last week when a small bloc led by the US rejected proposed international regulations that had been advocated by more than 130 countries.

That is excellent news of a sort, because the regulations under consideration – a United Nations biosafety protocol to regulate the testing of and trade in genetically modified organisms (GMOs) – are unscientific, anti-innovative and anti-competitive.

They are focused on research and development activities of negligible risk, would be harmful to consumers and the environment, and catastrophic for international research on ways to enhance agricultural productivity.

The bad news is that the US-led group (which includes Canada, Australia, Chile, Argentina and Uruguay) won only a temporary victory at the negotiations in Cartagena, Columbia, held under the mandate of the 1992 UN Convention on Biological Diversity.

Worse, US negotiators did the right thing for the wrong reasons and now find themselves in an untenable situation. Although they could have argued persuasively that the proposed regulations lack scientific and common sense, their arguments, calculated to protect large agribusiness interests, instead focused exclusively on trade considerations. Their position is undermined by the fact that the US's own biotech regulatory policies flagrantly violate World Trade Organisation rules.

First, some background. Biotechnology is the application of precise, state-of-the-art genetic techniques, primarily "gene-splicing", to improve the genetics of animals, micro-organisms and plants. Biotech can increase the resistance of fruits and vegetables to pests and disease, increase their yield and boost their nutritional value. Last year, gene-spliced plants were cultivated on more than 80m acres worldwide.

How should these products be regulated? Most scientists agree that this new biotechnology is merely a refinement, of less precise and predictable techniques that have long been used for genetic modification.

For example, long before the advent of gene-splicing, plant breeders performed hybridisations in which genes (and even whole chromosomes) were moved from one species or genus to another, across "natural breeding barriers."

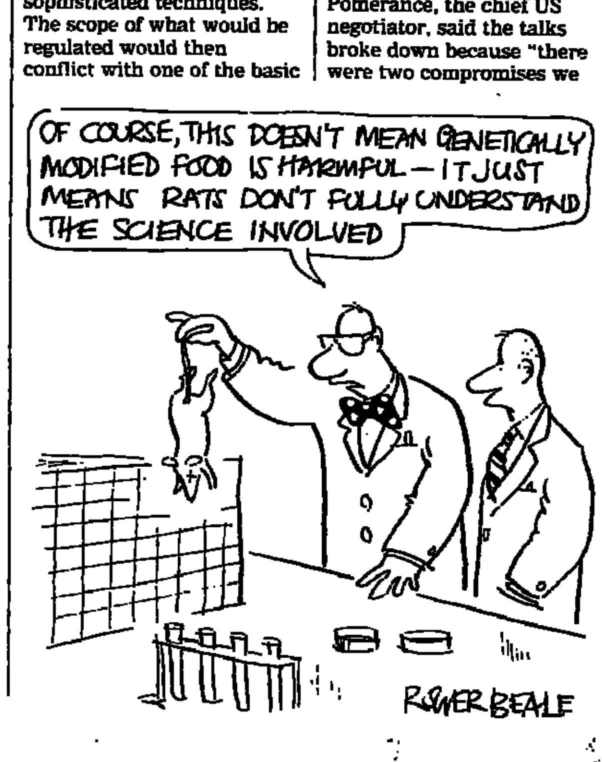
These "wide crosses" have yielded many genetically improved plant varieties, including potato, tomato, wheat, corn, oat and pumpkin that Europeans and Americans consume routinely and safely. Governments generally require no pre-market regulation of these products.

This efficient, laissez-faire situation would change under the proposed UN regulations – but only for products improved with the most precise and sophisticated techniques. The scope of what would be regulated would then conflict with one of the basic principles of regulation – that the degree of oversight should be commensurate with risk.

The UN's wrong-headed and unscientific regulatory proposals would make gene-spliced organisms artificially expensive to test, produce and use. Experience in the US has shown that the costs of field testing such plants would increase ten-to twentyfold, compared with plants with identical properties but modified with older, less precise techniques.

A US Department of Agriculture study says the prices of wheat and coarse grains (corn, barley and sorghum) could increase worldwide by an average of 2 per cent and 5.6 per cent respectively if the UN's regulations were fully implemented. Developing countries, the biggest victims of the proposed rules, would spend more for food and be prevented from participating in global technological trends.

In Cartagena, disagreement focused on the degree to which various trade interests would be disadvantaged. Rafe Pomerance, the chief US negotiator, said the talks broke down because "there were two compromises we were not prepared to make. One is to tie up trade . . . and the second is to allow this regime, without a lot of deliberation, to undermine the WTO trading regime."



In other words, the US and its allies would have been willing to tolerate onerous case-by-case review of research involving innocuous genetically improved plants – a catastrophic outcome for academics and small companies – as long as the producers of large commodity crops were not hindered. By adopting this position, the US is attempting to export its home-grown collaboration between government and big agribusiness, to use over-regulation as a market-entry barrier against entrepreneurial biotech and seed companies.

Conspicuously absent during the negotiations was any mention of the debilitating scientific deficiencies of the proposal. This is because biotech regulation at three US agencies – the Environmental Protection Agency, Department of Agriculture, and Food and Drug Administration – is similar to the approach in the UN proposal; they all focus on and over-regulate gene-spliced organisms.

In Cartagena, the US negotiators were thus arguing against the kind of regulation that US regulatory agencies impose at home. Apparently, the US position favours discriminatory, unscientific, excessive regulation – but only up to the point where it begins to threaten companies such as Monsanto and Dupont.

The delegates at Cartagena agreed to resume the talks sometime before May next year. What will surely emerge is a package that is less objectionable to the US, its allies and big agribusiness, but that remains devoid of scientific and common sense.

Henry I. Miller is a senior research fellow at Stanford University's Hoover Institution.

EQUITIES

Wall Street boosts European bourses

EUROPEAN OVERVIEW

By Florian Gimbel

Most European shares rose yesterday, largely in response to a rally on Wall Street. Oil stocks put in a particularly good performance as the price of crude oil soared. But uncertainty ahead of the European Central Bank meeting and the euro's latest trough weighed on market sentiment, leaving volumes thin throughout the euro-zone.

The US market was buoyed by the announcement of a $16bn pact between IBM and Dell Computer in which the former agreed to supply a range of key computer components to the latter, suggesting further co-operation by the two companies could be in the offing.

But fears of higher US bond yields could cap the tech-inspired rally as US payroll figures, released today, are expected to be strong.

European oil stocks, however, were undeterred by such concerns as the price of Brent rose 35 cents to $11.62, up from February's low of around $10. An Opec meeting at the end of this month was expected to result in a cut in production, giving a further boost to oil prices. "These stocks are coming from oversold levels, and it is a big sector with plenty of liquidity," said Richard Davidson at Morgan Stanley.

Other cyclicals, such as automobiles, also fared better after days of heavy selling.

Financial stocks ended on a positive note as well, largely on the back of merger talk in the French banking sector. Shares of BNP, one of the alleged takeover targets, and Société Générale were buoyed following KBC's premium bid for Mutuelles du Mans' stake in CCF. BNP closed 5.34 per cent higher, with SocGen's shares climbing 2.35 per cent.

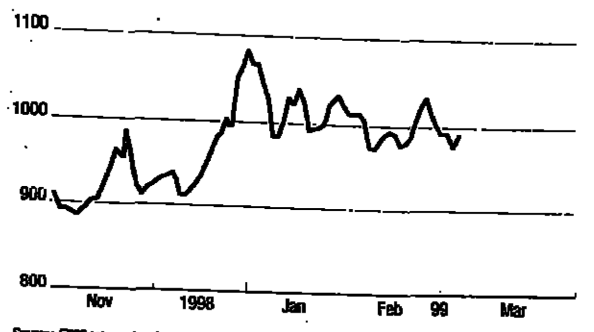
The telecoms, however, performed poorly, with Deutsche Telekom stock falling almost two per cent to €40.20 over the prospect of weak 1999 earnings.

Another German company, Siemens, rose more than six per cent to €56.65 on speculation that it would invest DM3bn in a US data transmission venture.

The FTSE Eurotop 300 index rose 13.27 to 1,214.56, while the FTSE Eurotop 100 increased 35.44 to 2,793.53. The FTSE Ebloc index of leading stocks in the euro-zone settled 13.37 higher at 990.36.

FTSE Ebloc 100

Index



Source: FTSE International

FTSE Actuaries Share Indices — European series

Produced in conjunction with the Faculty and Institute of Actuaries

Mar 4 National & Regional Markets	Euro Index	Day's %	change points	Yield gross %	xd adj yld	Total retn (Euro) €
FTSE Eurotop 300	1214.56	+1.10	+13.27	2.21	2.41	1253.10
FTSE Eurotop 100	2793.53	+1.28	+35.44	2.19	7.66	1004.14
FTSE Ebloc 100	990.36	+1.37	+13.37	2.04	0.74	1006.03
FTSE EuroMid	1190.24	-0.01	-0.16	2.80	1.58	1234.96
FTSE EuroMid Ebloc	1173.92	-0.07	-0.83	2.35	1.65	1200.41
FTSE EuroMid Ex UK	1213.82	-0.39	-4.80	2.20	1.14	1237.44
FTSE Eurotop 300 Regions						
Eurobloc	1237.25	+1.24	+15.17	2.00	1.18	1264.92
UK	1182.41	+0.87	+10.22	2.61	5.09	1246.93
Europe Ex-Eurobloc	1202.01	+0.97	+11.49	2.44	3.64	1248.83
Europe Ex-UK	1233.80	+1.23	+14.98	2.01	0.91	1257.80
FTSE Eurotop Industry Sectors						
RESOURCES	891.65	+4.49	+38.32	3.26	2.81	935.52
Mining	867.65	+0.64	+5.51	4.15	0.00	885.98
Oil & Gas	859.09	+4.66	+38.24	3.23	2.82	882.93
BASIC INDUSTRIES	1055.30	+1.05	+11.01	2.82	1.96	1079.76
Chemicals	797.14	+0.78	+6.14	2.83	1.83	813.04
Construction & Bld Matls	1012.82	+1.63	+16.22	2.29	1.13	1022.86
Forestry & Paper	899.97	+1.98	+17.44	4.28	0.00	941.11
GENERAL INDUSTRIALS	1097.32	+1.27	+13.76	2.31	3.12	1123.82
Aerospace & Defence	781.43	+3.62	+27.29	2.15	0.00	792.22
Diversified Industrials	939.19	+0.75	+6.98	2.17	0.00	960.68
Electronic & Elect Equip	987.91	+1.70	+16.54	1.95	5.15	998.43
Engineering & Machinery	1011.54	+1.10	+11.00	2.96	4.16	1029.78
CYCLICAL CONS GOODS	1235.85	+2.56	+30.90	2.31	0.00	1269.85
Automobiles	910.34	+2.49	+22.13	2.32	0.00	918.79
Household Goods & Texts	1259.46	+2.95	+36.09	2.26	0.00	1270.21
NON-CYC CONS GOODS	1219.67	+0.59	+7.15	1.51	2.26	1255.54
Beverages	972.33	+0.63	+6.07	2.85	0.00	993.32
Food Producers & Procesrs	918.19	+0.11	+1.02	1.74	0.41	929.40
Health	840.00	-4.78	-42.17	1.39	0.00	852.57
Packaging	756.37	+0.19	+1.45	1.20	0.00	757.31
Personal Care & Hse Prods	1061.87	+0.49	+5.21	0.92	0.00	1070.93
Pharmaceuticals	1113.70	+0.80	+8.89	1.19	3.25	1123.01
Tobacco	1427.14	+1.29	+18.16	3.49	1.42	1455.72
CYCLICAL SERVICES	1323.63	-0.09	-1.22	2.30	1.74	1364.21
Distributors	689.50	-1.95	-13.70	4.28	0.00	697.25
General Retailers	1078.49	+0.29	+3.14	2.97	1.27	1102.07
Leisure Entertmt & Hotels	981.70	+1.33	+12.86	2.03	6.02	1002.12
Media & Photography	1234.77	-0.43	-5.31	1.88	1.20	1249.18
Rests, Pubs & Breweries	866.82	+0.44	+3.84	3.30	3.71	896.13
Support Services	1078.18	-1.38	-15.07	1.10	1.10	1090.72
Transport	966.88	+0.73	+7.01	2.63	1.81	986.55
NON-CYCLICAL SERVS	1370.15	+0.07	+0.93	1.39	0.48	1410.76
Food & Drug Retailers	1010.56	+0.02	+0.17	2.09	0.51	1026.49
Telecommunications Servs	1369.39	+0.08	+1.07	1.26	0.43	1390.25
UTILITIES	1429.14	+0.02	+0.33	3.16	4.25	1520.02
Electricity	1083.70	-0.45	-4.85	3.31	3.42	1121.77
Gas Distribution	1180.87	+0.70	+8.24	1.65	1.00	1301.24
Water	953.62	+1.78	+16.69	5.31	5.94	1004.93
FINANCIALS	1269.10	+1.16	+14.52	2.65	3.45	1307.28
Banks	897.91	+1.47	+13.01	3.39	4.18	914.94
Insurance	950.40	+1.16	+10.87	1.44	0.00	961.86
Life Assurance	1123.59	-0.39	-4.43	1.76	0.00	1138.18
Investment Companies	975.00	-1.06	-10.45	1.83	0.00	998.39
Real Estate	736.08	-0.52	-3.81	3.39	1.67	757.00
Speciality & Other Fin	898.76	+0.83	+7.32	2.53	0.00	901.57
INFORMATION TECH	933.52	+0.88	+8.11	0.65	0.04	935.79
Information Tech Hardware	1000.93	+1.48	+14.57	0.72	0.00	1003.31
Software & Computer Serv	778.89	-0.90	-7.08	0.49	0.15	780.88

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■ THREE MONTH EURIBOR FUTURES (LIFFE) €1m 100-rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.890	96.915	+0.020	96.940	96.885	62683	146331
Jun	96.940	96.965	+0.025	96.980	96.930	80658	151044
Sep	96.940	96.955	+0.015	96.980	96.925	57623	110576
Dec	96.665	96.670	+0.005	96.685	96.630	10500	99650

■ THREE MONTH EURO LIBOR FUTURES (LIFFE) €1m 100-rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.890	96.915	+0.020	96.920	96.890	1144	119255
Jun	96.940	96.965	+0.025	96.955	96.930	697	107072
Sep	96.950	96.955	+0.015	96.955	96.950	108	93706
Dec	96.650	96.670	+0.005	96.655	96.650	41	86733

■ THREE MONTH EURO LIBOR OPTIONS (LIFFE) €1m 100-rate

Strike Price	Calls Mar	Calls Jun	Calls Sep	Calls Dec	Puts Mar	Puts Jun	Puts Sep	Puts Dec
96875								
97000	0.055	0.125	0.085	0.150	0.090	0.170	0.415	0.365
97125								
97250	0.015	0.045	0.045	0.080	0.300	0.340	0.625	0.545

Est. vol. total, Calls 0 Puts 153. Previous day's open int., Calls 279253 Puts 160363

■ FTSE EUROTOP 100 INDEX FUTURES (LIFFE) €20 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	2767.0	2803.0	+46.0	2793.0	2767.0	381	7397
Jun	2770.0	2803.0	+46.0	2770.0	2770.0	200	12

■ EURO STYLE FTSE EUROTOP 100 INDEX OPTION (AEX) €10 per index point

	2600 C	2600 P	2650 C	2650 P	2700 C	2700 P	2750 C	2750 P	2800 C	2800 P	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P
Mar	207	16	165	24	125	35	89	50	60	71	37	99	17	134	10	175
Apr	207	16	165	24	125	35	89	50	60	71	37	99	17	134	10	175

Est vol total2. Prev day's open interest total 6,752. Premiums shown are based on settlement prices.

OTHER INDICES

	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
DJ Stoxx 50	3441.05	3396.27	3430.42	3670.82	2433.07	3670.82	2433.07
DJ Euro Stx 50	3434.49	3393.95	3451.18	3885.36	2419.23	3885.36	2419.23
MSCI Europe	(u)	1182.80	1192.34	1315.55	906.59	1315.55	510.78

Source: Financial Times Information. *Subject to revision next day. (u) unavailable.

For real-time FTSE Eurotop 300 index quotes call FT Cityline on 0906 843 5920. Calls are charged at 60p per minute at all times.

CURRENCIES & MONEY

EURO SPOT FORWARD AGAINST THE EURO

Mar 4		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA
Europe												
Czech Rep.	(Koruna)	37.4473	-0.1264	201 - 744	37.6850	37.3600	37.6046	-5.0	37.9033	-4.9	39.2347	-4.8
Denmark	(DKr)	7.4368	+0.0005	320 - 416	7.4420	7.4315	7.4386	-0.3	7.4431	-0.3	7.4674	-0.4
Greece	(Dr)	321.935	-0.2780	738 - 133	322.150	321.305	323.7003	-6.6	327.2889	-6.7	340.8036	-5.9
Hungary	(Forint)	254.742	+0.2330	563 - 920	255.920	252.830	257.4722	-12.9	262.6558	-12.4	284.1988	-11.6
Norway	(NKr)	8.6045	-0.0444	991 - 098	8.6451	8.5990	8.6362	-4.4	8.6896	-4.0	8.8452	-2.8
Poland	(Zloty)	4.3002	-0.0390	936 - 068	4.3885	4.2938	-	-	-	-	-	-
Romania	(Leu)	14527.11	+135.1100	143 - 279	14555.00	14500.00	-	-	-	-	-	-
Russia	(Rouble)	25.3894	-0.0220	653 - 335	25.4497	25.2704	-	-	-	-	-	-
Slovakia	(Koruna)	43.5559	-0.0404	880 - 237	44.0103	42.3345	-	-	-	-	-	-
Sweden	(SKr)	8.9588	-0.0329	509 - 667	8.9913	8.9484	8.9597	-0.1	8.9626	-0.2	8.9783	-0.2
Switzerland	(SFr)	1.5901	+0.0013	891 - 911	1.5041	1.5800	1.5877	1.8	1.5831	1.8	1.5657	1.5
UK	(£)	0.6736	-0.0013	732 - 739	0.6760	0.6727	0.6749	-2.3	0.6774	-2.3	0.6883	-2.2
Americas												
Argentina	(Peso)	1.0828	-0.0088	825 - 831	1.0876	1.0813	-	-	-	-	-	-
Brazil	(R$)	2.2798	-0.1059	735 - 856	2.3605	2.2720	-	-	-	-	-	-
Canada	(C$)	1.6520	-0.0180	510 - 530	1.6697	1.6498	1.6547	-2.0	1.6603	-2.0	1.6882	-2.2
Mexico	(New Peso)	10.7608	-0.1229	524 - 692	10.8171	10.7436	10.9941	-26.0	11.4408	-25.3	13.5009	-25.5
USA	($)	1.0829	-0.0089	826 - 832	1.0878	1.0815	1.0845	-1.8	1.0881	-1.9	1.1060	-2.2
Pacific/Middle East/Africa												
Australia	(A$)	1.7375	-0.0108	363 - 387	1.7529	1.7354	1.7400	-1.7	1.7449	-1.7	1.7705	-1.9
Hong Kong	(HK$)	8.3920	-0.0677	891 - 948	8.4258	8.3885	8.4101	-2.6	8.4556	-3.0	8.7772	-4.8
India	(Rs)	46.0368	-0.3694	186 - 550	46.2896	45.9713	46.3727	-8.8	47.0711	-9.0	50.5881	-9.9
Indonesia	(Rupiah)	9648.65	-29.7200	890 - 839	9679.10	9597.70	9918.22	-33.5	10500.17	-35.3	12906.52	-33.8
Israel	(Shk)	4.3742	-0.0414	676 - 808	4.4080	4.3653	-	-	-	-	-	-
Japan	(Y)	133.630	+1.1730	560 - 699	134.100	132.500	133.2804	3.1	132.6152	3.0	129.5959	3.0
Malaysia	(M$)	4.1150	-0.0337	150 - 150	4.1335	4.1099	-	-	-	-	-	-
New Zealand	(NZ$)	2.0537	-0.0078	512 - 562	2.0680	2.0502	2.0560	-1.3	2.0610	-1.4	2.0887	-1.7
Philippines	(Peso)	42.4497	-0.2378	755 - 239	42.8049	42.2328	42.8387	-11.0	43.4848	-9.8	46.6338	-9.9
Saudi Arabia	(SR)	4.0612	-0.0335	598 - 626	4.0800	4.0559	4.0790	-5.3	4.1067	-4.5	4.2460	-4.6
Singapore	(S$)	1.8796	-0.0146	785 - 807	1.8885	1.8770	1.8789	0.4	1.8767	0.6	1.8808	-0.1
South Africa	(R)	6.7519	-0.0606	446 - 592	6.7867	6.7260	6.8197	-12.0	6.9502	-11.7	7.4771	-10.7
South Korea	(Won)	1342.26	+0.1700	026 - 425	1352.14	1340.00	-	-	-	-	-	-
Taiwan	(T$)	35.9252	-0.2118	882 - 622	36.2900	35.8790	36.2585	-11.1	36.5873	-7.4	37.7730	-5.1
Thailand	(Bt)	40.9337	-0.1218	682 - 991	41.0659	39.9656	41.2184	-8.3	41.6470	-7.0	43.5012	-6.3
UAE	(Dirham)	3.9776	-0.0324	762 - 789	4.0250	3.9750	3.9849	-2.2	4.0002	-2.3	4.0809	-2.6

Euro Locking Rates: Austrian Schilling 13.7603, Belgium/Luxembourg Franc 40.3399, Finnish Markka 5.94573, French Franc 6.55957, German Mark 1.95583, Irish Punt 0.787564, Italian Lira 1936.27, Netherlands Guilder 2.20371, Portuguese Escudo 200.482, Spanish Peseta 166.386. Bid/offer spreads in the Euro Spot table show only the last three decimal places. Bid, offer, mid spot rates and forward rates are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.

BONDS

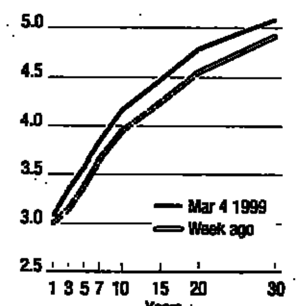
INTEREST RATE SWAPS

Mar 04	Euro-€ Bid	Euro-€ Ask	£ Stlg Bid	£ Stlg Ask	SwFr Bid	SwFr Ask	US $ Bid	US $ Ask	Yen Bid	Yen Ask
1 year	3.20	3.23	5.49	5.52	1.63	1.67	5.43	5.46	0.18	0.21
2 year	3.30	3.34	5.49	5.52	1.84	1.92	5.67	5.70	0.26	0.29
3 year	3.47	3.51	5.52	5.56	2.06	2.14	5.79	5.82	0.48	0.51
4 year	3.66	3.70	5.52	5.56	2.25	2.33	5.87	5.90	0.73	0.76
5 year	3.84	3.88	5.48	5.52	2.43	2.51	5.93	5.96	1.01	1.04
6 year	4.01	4.05	5.46	5.50	2.60	2.68	5.98	6.01	1.27	1.30
7 year	4.16	4.20	5.45	5.49	2.77	2.85	6.03	6.06	1.49	1.52
8 year	4.30	4.34	5.45	5.49	2.93	3.01	6.08	6.11	1.67	1.70
9 year	4.41	4.45	5.45	5.49	3.08	3.16	6.12	6.15	1.82	1.85
10 year	4.50	4.54	5.45	5.49	3.22	3.30	6.16	6.19	1.95	1.98
12 year	4.65	4.69	5.45	5.50	3.45	3.55	6.21	6.24	2.16	2.20
15 year	4.85	4.89	5.47	5.52	3.70	3.80	6.28	6.31	2.41	2.46
20 year	5.06	5.10	5.48	5.53	3.95	4.05	6.35	6.38	2.59	2.64
25 year	5.18	5.22	5.47	5.53	4.06	4.16	6.34	6.37	2.68	2.73
30 year	5.25	5.29	5.46	5.53	4.15	4.25	6.34	6.37	2.71	2.77

Bid and ask rates as of close of London business. US $ is quoted annual money actual/360 basis against 3 months Libor, £ and Yen quoted on a semi-annual actual/365 basis against 6 months Libor, Euro/Swiss Franc quoted on annual bond 30/360 basis against 6 month Euribor/Libor with the exception of the 1 year rate which is quoted against 3 month Euribor/Libor. Source: Intercapital Brokers Ltd.

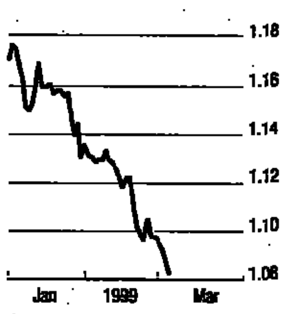
Euro bond yield curve

Per cent



Euro against the dollar

$ per €



Source: Interactive Data/FT Information

EURO-ZONE BONDS

Mar 04	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
■ **SOVEREIGNS**								
UK	01/01	4.250	AAA	101.622	3.35	-0.02	+0.27	+0.13
Denmark	01/02	4.750	AA+	103.308	3.50	-0.01	+0.32	+0.15
Sweden	02/01	5.000	AA+	102.968	3.37	-0.02	+0.27	+0.15
Greece	11/06	6.750	BBB	113.177	4.66	+0.03	+0.37	+0.83
■ **SUPRANATIONALS**								
ADB	10/07	5.500	AAA	106.291	4.60	+0.05	+0.41	+0.64
EIB	04/08	5.000	AAA	104.834	4.34	+0.05	+0.42	+0.26
Eurofima	12/09	5.625	AAA	107.065	4.77	+0.05	+0.45	+0.58
World Bank	04/05	7.125	AAA	116.459	4.02	+0.03	+0.32	+0.31
■ **UTILITIES**								
EDF	10/03	3.750	n/a	100.506	3.63	-0.06	+0.25	+0.17
TEPCO	02/03	4.750	AA	102.575	4.03	+0.00	+0.31	+0.57
Quebec Hydro	03/08	5.375	A+	103.490	4.89	+0.05	+0.43	+0.81
Norsk Hydro	10/99	7.250	A	101.983	3.80	-0.02	+0.09	+0.59
■ **FINANCIALS**								
Bad Wurtt	02/10	5.375	AAA	105.508	4.72	+0.04	+0.48	+0.47
OKB	09/07	5.750	AAA	109.205	4.42	+0.04	+0.42	+0.46
Credit Local	04/08	5.250	AA+	104.229	4.67	+0.05	+0.43	+0.59
Abbey Natl	01/09	5.000	AA-	99.981	5.00	+0.05	+0.46	+0.81
■ **INDUSTRIALS**								
Unilever	10/01	5.125	AAA	103.703	3.59	-0.04	+0.29	+0.37
McDonalds	03/08	5.125	AA	103.588	4.63	+0.05	+0.80	+0.56
Philip Morris	06/08	5.625	A	103.096	5.20	+0.05	+0.48	+1.12
BAT Int Fin	07/06	5.375	A-	101.651	5.10	+0.04	+0.24	+1.27
■ **PFANDBRIEFE**								
Rhein Hypo	12/01	5.500	n/a	105.150	3.48	+0.06	+0.26	+0.27
Eurohypo AG	01/04	5.000	n/a	105.120	3.82	+0.07	+0.36	+0.24
Bayer Vereins	01/06	6.000	n/a	110.773	4.16	+0.09	+0.46	+0.33
Depfa	07/08	4.750	n/a	102.092	4.47	+0.11	+0.47	+0.39
■ **HIGH YIELD**								
Geberit	04/07	10.125	B+	107.301	8.83	+0.06	+0.69	+4.87
Colt Telecom	11/07	8.875	n/a	105.592	7.97	+0.00	-0.33	+4.01
Impress Metal	05/07	9.875	B	100.443	9.79	+0.01	+0.88	+5.83
Remy Cointreau	07/05	10.000	B+	98.174	10.84	-0.02	-0.72	+7.13

Standard & Poor's ratings. Source: Interactive Data/FT Information.

FTSE EUROTOP 300

Name	Price (Euro)	Chge + or -	Mkt cap Euro(bn)	Vol (m)	Yld
AEROSPACE & DEFENCE					
Brit Aero	5.91	+1	5.2	8.4	1.8
Smiths Ind	14.84	+.6	4.6	3.5	2.4
DIVERSIFIED INDUSTRIALS					
Investor A	37.16	+5	2.9	-	3.3
Investor B	38	+6	4.9	0.2	3.2
HOUSEHOLD & TEXTILES					
Sanofi	158.78	-	17.2	0.2	0.7
Schering	109.90	-.6	7.4	-	1.2
SmithKline Beecham	12.60	+.2	70.5	9.5	1.4
Synthelabo	202.40	-4.8	8.8	0.1	0.5
Zeneca	36.25	-.5	34.4	3.7	1.9
[illegible]					

Sections: AEROSPACE & DEFENCE; AUTOMOBILES; BANKS; BEVERAGES; CHEMICALS; CONSTRUCTION & BUILDING; DISTRIBUTORS; DIVERSIFIED INDUSTRIALS; ELECTRICITY; ELECTRONIC & ELECTRICAL EQUIPT; ENGINEERING & MACHINERY; FOOD & DRUG RETAILERS; FOOD PRODUCERS & PROCESSORS; FORESTRY & PAPER; GAS DISTRIBUTION; GENERAL RETAILERS; HEALTH; HOUSEHOLD & TEXTILES; IT HARDWARE; INSURANCE; INVESTMENT COMPANIES; LEISURE ENTERTAINMENT & HOTELS; LIFE ASSURANCE; MEDIA & PHOTOGRAPHY; MINING; OIL & GAS; PACKAGING; PERSONAL & HOUSEHOLD PRODUCTS; PHARMACEUTICALS; REAL ESTATE; RESTAURANTS PUBS & BREWERIES; SOFTWARE & COMPUTER SERVICES; SPECIALITY & OTHER FINANCE; SUPPORT SERVICES; TELECOMMUNICATION SERVICES; TOBACCO; TRANSPORT; WATER — [illegible]

Notes: Price data and market capitalisations supplied by FTSE International. Market capitalisation figures are based on shares used in index calculations. Shares are not counted where foreign ownership restrictions apply. Market caps may include secondary lines not eligible as constituents. Stocks in bold type are domiciled in Euro countries. Trading Volumes and yields derived from local domestic markets and supplied by Financial Times Information. Company classifications are based on those used for the FTSE Eurotop stoxx indices.

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Legal & General

Rally continues in Japanese bonds

BENCHMARK BONDS

By Arkady Ostrovsky in London and John Labate in New York

European government bond prices fell yesterday, depressed by losses among shorter-term US Treasuries, the weakening of the euro and the decision by the European Central Bank to leave base interest rates unchanged at 3 per cent.

In contrast to the US and Europe, the Japanese government bond market continued its rally, which has been *sparked by the* Bank of Japan's move to cut short-term interest rates effectively to zero.

As domestic investors moved up the maturity curve in search of some returns, the yield on the benchmark 10-year JGB fell *to 1.610 per cent* from 1.670 per cent.

"The BoJ's free money policy – sustained by leaving a surplus in the money market for the third day in a row – continues to have the desired effect on JGBs, and the benchmark No 203 yield is back under 1.7% for the first time since January," said Ian Douglas at Warburg Dillon Read.

Meanwhile, yields on 10-year US Treasuries continued to rise, almost reaching their levels before the Federal Reserve started to cut interest rates following the Russian financial crisis.

David Knott at Deutsche Bank said that the rising yields on US Treasuries effectively fulfilled the Federal Reserve's wish to raise interest rates.

Higher bond yields have a direct impact on mortgages as well as on stock markets in the US.

Rising Treasury yields could thus contribute to the slow down of the economy. "Treasury yields could be rising until the stock market begins to crack," Mr Knott said.

In fact, US Treasuries were mixed by midday, ahead of the week's monthly labour report on Friday. Observers say an increase in payrolls above the expected 230,000 jobs will almost certainly send a signal to the Fed to tighten.

By early afternoon the 30-year bond, the benchmark for US long term interest rates, was $\frac{1}{8}$ higher at $93\frac{13}{32}$, yielding 5.689 per cent.

However, shorter-term issues were lower, with the 10-year note down $\frac{1}{32}$ to $95\frac{4}{32}$, yielding 5.406 per cent and the two-year note $\frac{1}{32}$ lower at $99\frac{18}{32}$, yielding 5.218 per cent.

The weekly report on initial unemployment claims showed that the jobs market remains tight. Jobless claims fell by 8,000 to 286,000 for the week ending February 27.

Factory orders in January were reported to have risen 1.7 per cent after a 2.3 per cent rise in December.

European bond markets ended lower. The 10-year March German bund future fell 0.13 to 113.32. Wim Duisenberg, chairman of the ECB, said economic activity in the euro-zone appeared to have been slowing.

"Overall ... recent data confirm our earlier expectations that there are still downside risks for output growth," he said.

UK gilts ended little changed, with the 10-year March future at 114.93.

Turkish bank ratings lowered

By Leyla Boulton in Ankara

Duff & Phelps, the third largest credit rating agency, has downgraded the local currency ratings of the Turkish banks it covers after lowering Turkey's local currency rating last month.

The agency said it did not believe it necessary to cap the local currency ratings of Turkish banks at the sovereign level, thanks to "the strength of Turkish bank management, which has been able to produce healthy returns on equity through times of crisis".

However, citing risks from banks' general strategy of increasing their short positions to benefit from high rates of return on Turkish Treasury bills, it lowered the BBB+ rating on Turkey's four biggest private sector banks and four middle-tier banks to BBB. Other banks with lesser ratings of BBB or BB+ saw their grades lowered a notch or two.

The agency said banks' continued profit growth was driven by increased net interest income from high real interest rates. Meanwhile, a 72 per cent increase *in dollar terms in the* sector's interest accruals last year, and a reduction in the ratio of loans to assets to 35 per cent, showed asset quality had deteriorated.

The revision followed a warning by the agency 2½ weeks ago that it would downgrade the banks after it cut the sovereign's local-currency rating to BB from BB+ on fears that high domestic interest rates could hurt the government's ability to roll over local currency debt.

Duff & Phelps said it had no plans to change its BB- foreign currency rating for Turkey or the banks.

NEWS DIGEST

DERIVATIVES

CME seeks to trade S&P Euro indices contracts

The Chicago Mercantile Exchange is seeking US regulatory permission to trade futures and options contracts for two Standard & Poor's European stock indices, possibly in conjunction with derivatives markets in Europe. The CME said it wanted to list the contracts for the S&P Euro index, which consists of 157 stocks from member countries of the euro-zone, and for the S&P Euro Plus index, which includes stocks from the euro-zone and Switzerland, Sweden, Denmark and Norway. The contracts will be traded on the CME's Globex2 electronic platform.

The request for approval for the listing of the two S&P Euro indices comes as the battle for benchmark status in Europe's equity markets becomes increasingly competitive after the introduction of the euro. **Vincent Boland**

PHILIPPINES

IFC extends credit line to bank

The International Finance Corp has extended a $45m credit line to Far East Bank & Trust, a leading Philippine bank. The IFC, the arm of the World Bank that focuses on private sector lending, said funds would be used to strengthen the balance sheet, bank practices and technology of the bank. Vipul Prakash, chief of mission for the IFC in the Philippines, said the funds would help Far East Bank become a model for the country's banking sector.

The fourth largest commercial bank, Far East Bank is well-regarded for its standards of corporate governance. *It is one of few banks in the Philippines not controlled by* one family group. The largest shareholder is Sakura Bank of Japan, with a 26 per cent stake. **Tony Tassell, Manila**

ITALIAN IPO

Ducati sets pricing range

Ducati Motor Holding, the Italian motorcycle maker, has set an indicative price range for shares in its initial public offering ahead of its planned listing on the Milan and New York stock exchanges later this month.

Ducati said the 90m shares in the offering would be priced at between €2.50 and €3.10 each, with a range of $27.49 to $34.08 for the equivalent in American depositary receipts. Each ADR represents 10 shares. The company's employees will be able to subscribe for shares at a discount of 15 per cent to the final offer price.

Selling shareholders include Texas Pacific, the US venture capital group, and Deutsche Morgan Grenfell Capital Italy. The IPO, which also includes 17m new shares, represents about 69 per cent of Ducati's share capital. Credit Suisse First Boston, Mediobanca and Banca Commerciale Italiana are global co-ordinators. **Vincent Boland**

Philippines in debut euro deal

NEW ISSUES

By Khozem Merchant

The Philippines reaffirmed its pole position yesterday as Asia's leading sovereign borrower with a debut €300m issue, sustaining a trend in the new issues market this week that has had a strong Asian flavour.

The launch of the 5½-year bond was the first by an Asian sovereign borrower in the euro currency and comes against an unsettling background that saw nervous debuts by Turkey and Croatia in *the* euro-denominated market earlier this month.

The relatively smooth debut by the Philippines – at a volume, which though raised from €250m, was less than indicated during pre-marketing – was a testament to its strong profile in the debt markets, said bankers. Earlier this year the Philippines launched a large dollar bond issue.

Bankers said yesterday's issue was a good test of whether investors in the euro-zone were prepared to commit capital to emerging market issues. The response to the offering, which was priced to yield 425 basis points over the relevant German bund, was a measure of investor sentiment in Europe towards Asia.

J.P. Morgan, which lead-managed the offering along with Warburg Dillon Read and Deutsche Bank, said 90 per cent of its allotment went to "first time buyers of Philippine paper".

There was large distribution across European institutional investors. This helped meet one key aim of the borrower, which was to establish a standing among an unfamiliar credit investor class in Europe. A secondary aim was to diversify its funding sources, which have traditionally been dollar-based.

Sunil Kamlani at Warburg Dillon Read said the Philippines' issue demonstrated *that good Asian names will* be able to access a market that continues to grow in size and liquidity.

North West Water, a provider of water and waste management services, was another debutante in the euro-denominated issues market.

Its 10-year €500m bond was not only its first in the European unit, but also the first time it has tapped the new issues market in any currency.

North West Water's offering was the first draw-down under a $2bn medium-term notes programme. The bond, which was lead-managed by *J.P. Morgan and ABN Amro*, was priced to yield 73 basis points over the relevant German bund.

North West Water is one of two main subsidiaries of United Utilities, which has previously issued yankees.

The company's extensive pre-marketing effort was designed to establish its name among investors in continental Europe, where, just like many other UK utilities, it is hardly known.

In contrast, Elf Aquitaine is a very well known name among all classes of investors in the euro-zone. This rarity value helped the launch of its debut euro-de*nominated bond yesterday*, in its first visit to the debt market in at least five years.

The cash-rich corporate has several issues maturing this year and the proceeds of yesterday's issue will be partly used to redeem these.

The bond, which was lead-managed by Banque Nationale de Paris and Goldman Sachs, was priced to yield 39 basis points over the 2009 OAT, equivalent to 50 basis points over the 10-year bund.

In secondary trading the bond widened by one basis point, supporting some bankers' belief that the issue had been aggressively priced.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
PAT, Series 1999-1(a)	1.359bn	-	-	-	-	-	Merrill Lynch
Puma Finance(b)‡	800	-	-	-	-	-	Deutsche Bank
MCCMT, 1999-A, Cls A(c)‡	400	(c1,i)	100.00	Feb 2004	0.25	-	Bear Stearns Intl
World Bank(d)	250	6.15#	100.0525	Mar 2004	0.0625	-	Merrill Lynch International
EUROS(e)							
Elf Aquitaine(f)	1bn	4.50	98.666R	Mar 2009	0.325R	+39(4%Apr09)	BNP/Goldman Sachs
North West Water Finance	500	4.875	99.73R	Mar 2009	0.375R	+73(3%Jan09)	ABN Amro/JP Morgan
Republic of the Philippines	300	8.00(s)	100.00R	Sep 2004	0.55R	+425(Jul04)	Deutsche/JPM/Warburg
City of Gothenburg‡	125	(g)	100.024R	Mar 2002	0.125R	-	ABN Amro
Commerzbank AG‡	75	(h)#	99.80R	Mar 2009	0.40R	-	Caboto Holding

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Premier Auto Trust. 5-tranche asset backed. b) 4-tranche deal secured on Australian residential mortgages. c) MBNA Credit Card Master Trust. Legal maturity: 17/7/06. Av life: 4.9 yrs. c1) 1-mth Libor +14bp. c2) Class B of $37½m was privately placed. d) Callable on coupon dates from 16/3/00 at par. e) Spread relates to German govt bonds unless stated. f) Spread re French govt bonds. g) 3-mth Euribor -5bp. h) 0.8 x 10-yr swap rate; min 3%. i) Long 1st coupon. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Mar 4	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	01/01	8.750	108.3124	5.12	+0.05	+0.07	+0.26	-0.10
	08/08	8.750	122.2691	5.67	+0.09	+0.11	+0.41	-0.37
Austria	03/01	5.250	103.6900	3.32	-0.02	+0.07	+0.27	-0.81
	01/08	5.000	104.9500	4.31	+0.03	+0.16	+0.39	-0.82

BOND FUTURES AND OPTIONS

France

NOTIONAL EURO BOND FUTURES (MATIF) €100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	109.18	109.10	-0.14	109.32	108.82	35,553	83,835

Japan

NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	133.35	133.74		133.77	133.30	2018	na
Jun	132.28	132.60		132.63	132.25	3018	na

Euro

€ BOND FUTURES (MATIF) €100,000

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	106.30	105.07	-0.32	106.30	105.30	2	161

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US CORPORATE BONDS

Mar 3	Red date	Coupon	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
UTILITIES								
Pac Bell	07/02	7.25	AA-	104.1912	5.83	+0.02	+0.57	+5.83
NY Tel	06/25	7.00	A+	97.4470	7.21	+0.04	+0.48	+1.53

INTERNATIONAL BONDS

Mar 4	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
$								
EIB	04/07	7.250	AAA	107.0436	6.12	+0.04	+0.65	+0.74
ABN Amro	06/07	7.125	AA-	103.2853	6.59	+0.06	-	+1.21

UK BONDS

FTSE Actuaries Government Securities

2	5-10 years (11)	168.35	-0.03	2.74	1.06	1312.48	5.88	4.88	29.34
3	10-15 years (7)	181.64	-0.10	2.38	1.34	1422.89	8.65	4.82	13.45
4	5-15 years (18)	172.20	-0.05	2.63	1.14	1344.04	6.75	4.85	42.79
5	Over 15 years (4)	225.09	-0.30	2.50	1.23	1538.43	11.83	4.77	22.06
6	Irredeemables (4)	307.96	-0.52	3.69	1.07	1793.05	20.64	4.90	0.75
7	All stocks (42)	163.40	-0.06	2.34	1.50	1333.33	6.43	4.84	100.00

Yield indices	Mar 4	Mar 3	Yr ago	Yield indices	Mar 4	Mar 3	Yr ago
5 yrs	4.93	4.94	6.37	Irred †	4.90	4.88	6.22
10 yrs	4.83	4.82	6.16	Med. 15 yrs	4.81	4.79	6.12
15 yrs	4.80	4.78	6.11	High 15 yrs	4.90	4.88	6.22
20 yrs	4.79	4.76	6.09				

Coupon Bands: Medium: 8%-10¾%, High: 11% and over † Flat yield, ytd Year to date.

FT Fixed Interest Indices

	Mar 4	Mar 3	Mar 2	Mar 1	Feb 26	Yr ago	High*	Low*
Govt. Secs. (UK)	112.01	112.25	112.97	112.90	113.64	103.16	117.17	93.31

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UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts* (Lives up to Five Years)							
Treas Flg Rate 1999		-	-	100.0000	—	100.23	100.00
Exch 12¼pc 1999		12.20	5.45	100.3753	-.0232	105.38	100.38
Treas 10½pc 1999		10.39	5.20	101.0590	-.0101	104.24	101.06
Treas 6pc 1999		5.98	4.99	100.4145	+.0318	100.50	98.64
Conv 10¼pc 1999		9.89	5.02	103.5941	+.0191	105.70	103.57

Euro tumbles over dollar parity fears

MARKETS REPORT

By Alan Beattie and Melanie Carroll

The euro sank again yesterday as analysts began to talk of the troubled currency approaching numerical parity with the dollar.

The euro fell in the lead-up to the fortnightly European Central Bank governing council meeting last night. It closed in London at $1.083, another low in its brief lifetime.

The announcement of the ECB council was due after the London session closed. But economists were all but united in predicting no change in interest rates, as widely flagged by ECB officials earlier this week. Interest rate expectations implied by the Euribor future contracts show expectations of little change over the next six months.

Rob Minikin, currency strategist at Citibank in London, said the market view on the euro has become more pessimistic recently.

"The euro remains under downward pressure. Obviously the main reason for the forecast remains the ECB, but more generally perceptions have shifted about the European economy, specifically the negative assessment of German growth," Mr Minikin said.

He added that the euro would react more to the poor outlook for the German economy and the politically charged environment surrounding the ECB than any potential policy change regarding interest rates.

Reports of euro-zone central banks, particularly the Bundesbank, supporting the currency this week have been unsubstantiated. Key members of the ECB's council including Hans Tietmeyer, the Bundesbank president, are known to be concerned about the fall in the value of the currency.

But strategists say that any intervention by the European System of Central Banks to support the euro is likely to be clearly announced as such to the market.

■ The yen executed a graceful dive yesterday before pulling up slightly to close at Y123.4 in London. However, Mr Minikin said he expected dollar/yen to grind steadily higher after the BoJ dropped overnight interest rates for on-call money to zero in real terms earlier in the week.

"We've had confirmation that the BoJ has adopted a more aggressive expansion policy.

"It may now adopt quantitative targets for high-powered money supplies," he said.

"The bank is helping reinforce the market expectation that yen can weaken going forward," Mr Minikin said.

Kit Juckes, head of bonds and currencies at Greenwich NatWest, said the underlying weakness of the Japanese economy was a large part of the yen's problem.

"You can't just open the monetary floodgates as wide as possible and avoid a weakening currency," Mr Juckes said.

"Japan's upping the supply and also attempting to prevent the yield from going up," he added.

Mr Juckes said earlier explanations of the yen's weakness, such as repatriation of funds, would not wash in March.

"I'm sure the yen will reach Y130 soon."

■ The Brazilian central bank's monetary committee removed the bank's interest rate band and hiked the overnight rate (SELIC) by 6 per cent to 45 per cent.

Previously the bank was prevented from moving interest rates outside an official band.

Mr Juckes said an interest rate rise was not a healthy response to a weakening currency so soon after a devaluation.

"There will be a further sharp period of weakness - it would not change the sense that Brazil has not stabilised," Mr Juckes said.

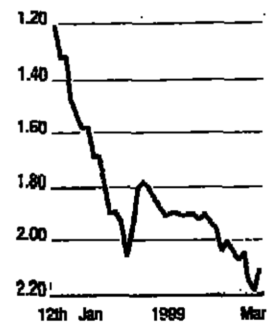
"Once you've devalued it's supposed to take the pressure off interest rates. I'm expecting another attack on the currency," he said.

Gene Frieda, analyst at the economic consultancy 4Cast, said most people had expected the bank to raise the ceiling of the TBAN, opening the way for rate rises, but without an actual rise.

In targeting the SELIC, the bank formalised its unofficial interest rate policy, Mr Frieda said. The COPOM (monetary committee) meets again in early April.

Real

Against the dollar (R$ per $)



Source: Datastream/ICV

■ POUND IN NEW YORK

Mar 4	Latest	Prev. close
£ spot	1.6065	1.6130
1 mth	1.6057	1.6122
3 mth	1.6050	1.6113
1 yr	1.6070	1.6127

■ OTHER CURRENCIES

Mar 4	£	$
Czech Rp	55.5538 - 55.6373	34.5650 - 34.5960
Hungary	377.964 - 378.474	235.140 - 235.340
Iran	4824.60 - 4822.30	3000.00 - 3000.00
Kuwait	0.4901 - 0.4908	0.3049 - 0.3052
Peru	5.4700 - 5.4775	3.4030 - 3.4060
Poland	6.3749 - 6.3942	3.9650 - 3.9760
Russia	37.6614 - 37.7605	23.4300 - 23.4800
U.A.E.	5.9037 - 5.9074	3.6728 - 3.6733

POUND SPOT FORWARD AGAINST THE POUND

Mar 4		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng Index
Europe													
Austria*	(Sch)	20.4302	+0.0408	194 - 409	20.4472	20.3523	20.3894	2.4	20.3136	2.3	19.9916	2.1	102.6
Belgium*	(BFr)	59.8933	+0.1196	618 - 248	59.9440	59.6650	59.7735	2.4	59.5516	2.3	58.6074	2.1	102.2
Denmark	(DKr)	11.0416	+0.0229	348 - 483	11.0492	10.9983	11.0221	2.1	10.988	1.9	10.849	1.7	105.6
Finland*	(FM)	8.8278	+0.0177	231 - 324	8.8350	8.7940	8.8102	2.4	8.7774	2.3	8.6383	2.1	81.1
France*	(FFr)	9.7391	+0.0194	340 - 442	9.7472	9.7019	9.7196	2.4	9.6836	2.3	9.5307	2.1	105.5
Germany*	(DM)	2.9039	+0.0058	023 - 054	2.9069	2.8924	2.8981	2.4	2.8874	2.3	2.8416	2.1	103.3
Greece	(Dr)	477.983	+1.3880	703 - 263	478.442	475.951	479.642	-4.2	483.159	-4.3	495.134	-3.6	62.7
Ireland*	(I£)	1.1693	+0.0023	687 - 699	1.1703	1.1648	1.1669	2.4	1.1635	2.3	1.1442	2.1	93.0
Italy*	(L)	2874.81	+5.7400	330 - 633	2877.21	2863.87	2869.06	2.4	2858.41	2.3	2813.09	2.1	75.3
Luxembourg*	(LFr)	59.8933	+0.1196	618 - 248	59.9440	59.6650	59.7735	2.4	59.5516	2.3	58.6074	2.1	102.2
Netherlands*	(Fl)	3.2719	+0.0065	702 - 736	3.2746	3.2595	3.2654	2.4	3.2532	2.3	3.2016	2.1	101.6
Norway	(NKr)	12.7752	-0.0403	676 - 828	12.8367	12.7179	12.7967	-2.0	12.8279	-1.7	12.8507	-0.6	92.2
Portugal*	(Es)	297.659	+0.5950	503 - 816	297.901	296.524	297.064	2.4	295.951	2.3	291.268	2.1	91.7
Spain*	(Pta)	247.036	+0.4940	906 - 166	247.250	246.100	246.542	2.4	245.627	2.3	241.732	2.1	76.5
Sweden	(SKr)	13.3014	-0.0220	900 - 127	13.3522	13.2578	13.276	2.3	13.2311	2.1	13.0441	1.9	81.9
Switzerland	(SFr)	2.3609	+0.0066	595 - 623	2.3623	2.3488	2.3535	4.3	2.3371	4.0	2.2748	3.6	107.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	102.6
Euro	(€)	1.4847	+0.0029	839 - 855	1.4863	1.4791	1.4817	2.4	1.4762	2.3	1.4528	2.1	-
SDR†	-	1.187050	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6076	-0.0099	072 - 080	1.6132	1.6059	-	-	-	-	-	-	-
Brazil	(R$)	3.3844	-0.1503	755 - 933	3.4978	3.3750	-	-	-	-	-	-	-
Canada	(C$)	2.4527	-0.0188	513 - 541	2.4644	2.4485	2.4519	0.4	2.451	0.3	2.4527	0.0	77.3
Mexico	(New Peso)	15.9767	-0.1502	647 - 887	16.0666	15.9516	16.2904	-23.6	16.8894	-22.9	19.6146	-22.8	-
USA	($)	1.6078	-0.0099	074 - 082	1.6135	1.6061	1.607	0.6	1.6063	0.4	1.6081	0.0	109.7
Pacific/Middle East/Africa													
Australia	(A$)	2.5797	-0.0105	780 - 814	2.6003	2.5778	2.5782	0.7	2.5759	0.6	2.5722	0.3	81.1
Hong Kong	(HK$)	12.4597	-0.0755	557 - 636	12.5022	12.4462	12.4618	-0.2	12.4826	-0.7	12.7519	-2.3	-
India	(Rs)	68.3516	-0.4108	266 - 766	68.5800	68.3200	68.7126	-6.3	69.4886	-6.7	73.4965	-7.5	-
Indonesia	(Rupiah)	14325.51	-15.41	175 - 927	14370.20	14153.90	14696.31	-31.1	15500.83	-32.8	18751.13	-30.9	-
Israel	(Shk)	6.4945	-0.0483	849 - 040	6.5119	6.4839	-	-	-	-	-	-	-
Japan	(Y)	198.403	+2.1350	305 - 500	198.930	196.380	197.488	5.5	195.773	5.3	188.293	5.1	126.5
Malaysia	(M$)	6.1097	-0.0376	097 - 097	6.1310	6.1035	-	-	-	-	-	-	-
New Zealand	(NZ$)	3.0492	-0.0054	455 - 528	3.0615	3.0455	3.0465	1.1	3.0438	0.9	3.0346	0.5	92.7
Philippines	(Peso)	63.0259	-0.2262	690 - 827	63.3000	62.7572	63.4762	-8.6	64.1944	-7.4	67.7516	-7.5	-
Saudi Arabia	(SR)	6.0297	-0.0376	278 - 316	6.0496	6.0237	6.0441	-2.9	6.0626	-2.2	6.1701	-2.3	-
Singapore	(S$)	2.7907	-0.0160	892 - 922	2.8033	2.7865	2.7841	2.8	2.7705	2.9	2.7327	2.1	-
South Africa	(R)	10.0247	-0.0698	141 - 352	10.0651	10.0139	10.105	-9.6	10.2603	-9.4	10.8631	-8.4	-
South Korea	(Won)	1992.87	+4.2300	996 - 578	2001.49	1983.40	-	-	-	-	-	-	-
Taiwan	(T$)	53.3388	-0.2071	853 - 922	53.7839	53.2814	53.7231	-8.6	54.0119	-5.0	54.8782	-2.9	-
Thailand	(Bt)	60.7749	-0.0587	794 - 704	60.8750	60.8420	61.0753	-5.9	61.4813	-4.6	63.2005	-4.0	-

† Rates for Mar 3. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. * EMU member. The exchange rates printed in this table are also available on the internet at http://www.FT.com.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 4		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria*	(Sch)	12.7069	+0.1030	034 - 104	12.7198	12.6497	12.6876	1.8	12.6462	1.9	12.4314	2.2	102.4
Belgium*	(BFr)	37.2518	+0.3020	414 - 621	37.2900	37.0840	37.1952	1.8	37.0739	1.9	36.4441	2.2	102.3
Denmark	(DKr)	6.8675	+0.0562	650 - 700	6.8723	6.8338	6.8587	1.5	6.8405	1.6	6.7462	1.8	104.8
Finland*	(FM)	5.4906	+0.0445	890 - 921	5.4961	5.4658	5.4822	1.8	5.4644	1.9	5.3716	2.2	80.5
France*	(FFr)	6.0574	+0.0491	557 - 591	6.0636	6.0301	6.0492	1.8	6.0286	1.9	5.9261	2.2	105.0
Germany*	(DM)	1.8061	+0.0146	056 - 066	1.8079	1.7980	1.8034	1.8	1.7974	1.9	1.767	2.2	103.0
Greece	(Dr)	297.290	+2.6650	190 - 390	297.630	295.730	298.465	-4.7	300.79	-4.7	307.89	-3.6	62.5
Ireland*	(I£)	1.3750	-0.0113	746 - 754	1.3812	1.3736	1.3771	-1.8	1.3816	-1.9	1.4055	-2.2	-
Italy*	(L)	1788.04	+14.4900	755 - 854	1789.66	1779.99	1785.32	1.8	1779.49	1.9	1749.27	2.2	75.0
Luxembourg*	(LFr)	37.2518	+0.3020	414 - 621	37.2900	37.0840	37.1952	1.8	37.0739	1.9	36.4441	2.2	102.3
Netherlands*	(Fl)	2.0350	+0.0165	344 - 356	2.0371	2.0258	2.032	1.8	2.0253	1.9	1.9909	2.2	101.5
Norway	(NKr)	7.9458	+0.0238	430 - 485	7.9633	7.9102	7.963	-2.6	7.9861	-2.0	7.9911	-0.6	91.0
Portugal*	(Es)	185.134	+1.5000	083 - 186	185.320	184.300	184.852	1.8	184.25	1.9	181.12	2.2	92.2
Spain*	(Pta)	153.649	+1.2480	608 - 691	153.800	152.980	153.415	1.8	152.915	1.9	150.318	2.2	78.2
Sweden	(SKr)	8.2730	+0.0370	680 - 780	8.2955	8.2470	8.2612	1.7	8.237	1.7	8.1112	2.0	81.4
Switzerland	(SFr)	1.4684	+0.0131	679 - 689	1.4710	1.4600	1.4639	3.7	1.4549	3.7	1.4145	3.7	107.5
UK	(£)	1.6078	-0.0099	074 - 082	1.6135	1.6061	1.607	0.6	1.6063	0.4	1.6081	0.0	102.0
Euro	(€)	1.0829	-0.0089	826 - 832	1.0876	1.0815	1.0845	-1.8	1.0881	-1.9	1.1069	-2.2	-
SDR†	-	0.73534	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	999 - 999	0.9999	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	2.1050	-0.0800	000 - 100	2.1700	2.1000	-	-	-	-	-	-	-
Canada	(C$)	1.5255	-0.0022	250 - 260	1.5312	1.5235	1.5257	-0.2	1.5259	-0.1	1.5252	0.0	77.0
Mexico	(New Peso)	9.9370	-0.0320	320 - 420	9.9440	9.9320	10.137	-24.2	10.5145	-23.2	12.197	-22.7	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	110.3
Pacific/Middle East/Africa													
Australia	(A$)	1.6045	+0.0033	038 - 051	1.6155	1.6035	1.6041	0.3	1.6037	0.2	1.603	0.1	80.7
Hong Kong	(HK$)	7.7495	+0.0007	490 - 500	7.7500	7.7490	7.7545	-0.8	7.771	-1.1	7.9295	-2.3	-
India	(Rs)	42.5125	+0.0062	075 - 175	42.5350	42.5070	42.7575	-6.9	43.26	-7.0	45.7025	-7.5	-
Indonesia	(Rupiah)	8910.00	+45.00	500 - 500	8940.00	8780.90	9145	-31.6	9850	-33.2	11660	-30.9	-
Israel	(Shk)	4.0394	-0.0051	344 - 443	4.0522	4.0340	-	-	-	-	-	-	-
Japan	(Y)	123.400	+2.0750	370 - 430	123.720	121.770	122.89	5.0	121.875	4.9	117.08	5.1	129.4
Malaysia‡	(M$)	3.8000	-	000 - 000	3.8000	3.8000	-	-	-	-	-	-	-
New Zealand	(NZ$)	1.8965	+0.0083	947 - 983	1.9015	1.8904	1.8947	1.1	1.893	0.7	1.8834	0.2	-
Philippines	(Peso)	39.2000	+0.1000	500 - 500	39.3500	39.0500	39.499	-9.2	39.964	-7.8	42.13	-7.5	-
Saudi Arabia	(SR)	3.7503	-0.0003	500 - 505	3.7507	3.7500	3.7611	-3.4	3.7743	-2.6	3.8368	-2.3	-
Singapore	(S$)	1.7357	+0.0007	352 - 362	1.7390	1.7338	1.7325	2.2	1.7248	2.5	1.6992	2.1	-
South Africa	(R)	6.2350	-0.0050	300 - 400	6.2450	6.2295	6.288	-10.2	6.3875	-9.8	6.755	-8.3	-
South Korea	(Won)	1239.50	+10.2000	800 - 100	1243.00	1236.00	-	-	-	-	-	-	-
Taiwan	(T$)	33.1750	+0.0750	500 - 000	33.2200	33.1100	33.43	-9.2	33.625	-5.4	34.125	-2.9	-
Thailand	(Bt)	37.8000	+0.1950	500 - 500	37.9000	36.7500	38.005	-6.5	38.275	-5.0	39.3	-4.0	-

† SDR rate per $ for Mar 3. ‡ Official rate set by Malaysian government. The WM/Reuters rate for the valuation of capital assets is 5.43 MYR/USD, a discount of 30% on the official rate. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & Euro are quoted in US currency. J.P. Morgan nominal indices Mar 3: Base average 1990=100. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS 4pm CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T. * EMU member. The exchange rates printed in this table are also available on the internet at http://www.FT.com.

WORLD INTEREST RATES

MONEY RATES

Mar 4	Over night	One month	Three mths	Six mths	One year	Lomb. inter	Dis. rate	Repo rate
Euro-zone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.00
Switzerland	[illegible]	1¼	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	5	[illegible]	-	4.50	-
Japan	¼	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR BBA London								
Interbank Fixing	-	[illegible]	[illegible]	5⅛	[illegible]	-	-	-
US Dollar CDs	-	4.74	4.78	4.82	4.96	-	-	-
Euro Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	3¼	[illegible]	[illegible]	-	-	-
BBA Euro Libor	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
Euro Euribor	-	3.115	3.111	3.102	3.151	-	-	-
EONIA	3.06	-	-	-	-	-	-	-
EURONIA	3.0564	-	-	-	-	-	-	-

London Interbank fixing rate (LIBOR) is the BBA London rate, fixed at 11am. Mid rates are shown for the domestic Money Rates, US$ CDs, Euro & SDR Linked Deposits (Ds).

INTERNATIONAL CURRENCY RATES

Mar 4	Short term	7 days notice	One month	Three months	Six months	One year
Euro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	5 - 4⅞	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH EUROBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.90	96.92	+0.02	96.92	96.90	5,298	37,509
Jun	96.94	96.97	+0.03	96.97	96.94	5,686	26,377

■ THREE MONTH EURIBOR FUTURES (LIFFE) €1m 100-rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.880	96.915	+0.020	96.940	96.885	62683	146331
Jun	96.940	96.965	+0.025	96.980	96.930	80658	151044
Sep	96.940	96.955	+0.015	96.980	96.925	57623	110576
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ THREE MONTH EURO LIBOR FUTURES (LIFFE) €1m 100-rate [illegible]

■ EUROBOR OPTIONS (LIFFE) €1m 100-rate [illegible]

■ THREE MONTH EURO LIBOR OPTIONS (LIFFE) €1m 100-rate [illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m 100-rate [illegible]

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m 100-rate [illegible]

* LIFFE futures also traded on APT

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr1m 100-rate [illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 4		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	€
Belgium*	(BFr)	100	18.44	16.26	4.848	1.952	4800	5.463	21.33	497.0	412.5	22.21	3.942	1.670	4.095	2.684	331.3	2.479
Denmark	(DKr)	54.24	10	8.820	2.630	1.059	2604	2.963	11.57	269.6	223.7	12.05	2.138	0.906	2.221	1.456	179.7	1.345
France*	(FFr)	61.50	11.34	10	2.982	1.201	2952	3.360	13.12	305.6	253.7	13.66	2.424	1.027	2.518	1.651	203.7	1.525
Germany*	(DM)	20.63	3.802	3.354	1	0.403	990.0	1.127	4.399	102.5	85.07	4.581	0.813	0.344	0.845	0.554	68.32	0.511
Ireland*	(I£)	51.22	9.443	8.329	2.483	1	2459	2.798	10.93	254.6	211.3	11.38	2.019	0.855	2.098	1.375	169.7	1.270
Italy*	(L)	2.083	0.384	0.339	0.101	0.041	100	0.114	0.444	10.35	8.593	0.463	0.082	0.035	0.085	0.056	6.901	0.052
Netherlands*	(Fl)	18.31	3.375	2.977	0.888	0.357	878.6	1	3.905	90.97	75.50	4.065	0.722	0.306	0.750	0.491	60.64	0.454
Norway	(NKr)	46.88	8.643	7.623	2.273	0.915	2250	2.561	10	233.0	193.4	10.41	1.848	0.783	1.920	1.259	155.3	1.162
Portugal*	(Es)	20.12	3.709	3.272	0.976	0.393	965.8	1.099	4.292	100	82.99	4.469	0.793	0.336	0.824	0.540	66.65	0.499
Spain*	(Pta)	24.24	4.470	3.942	1.175	0.473	1164	1.324	5.171	120.5	100	5.384	0.956	0.405	0.993	0.651	80.31	0.601
Sweden	(SKr)	45.03	8.301	7.322	2.183	0.879	2161	2.460	9.605	223.8	185.7	10	1.775	0.752	1.844	1.209	149.2	1.116
Switzerland	(SFr)	25.37	4.677	4.125	1.230	0.495	1218	1.386	5.411	126.1	104.6	5.634	1	0.424	1.039	0.681	84.04	0.629
UK	(£)	59.89	11.04	9.738	2.904	1.169	2875	3.272	12.78	297.6	247.0	13.30	2.361	1	2.453	1.608	198.4	1.485
Canada	(C$)	24.42	4.502	3.971	1.184	0.477	1172	1.334	5.209	121.4	100.7	5.423	0.963	0.408	1	0.656	80.89	0.605
USA	($)	37.25	6.868	6.057	1.806	0.727	1788	2.035	7.946	185.1	153.6	8.273	1.468	0.622	1.526	1	123.4	0.923
Japan	(Y)	30.19	5.565	4.909	1.464	0.589	1449	1.649	6.439	150.0	124.5	6.704	1.190	0.504	1.236	0.810	100	0.748
Euro	(€)	40.34	7.437	6.560	1.956	0.788	1936	2.204	8.605	200.5	166.4	8.959	1.590	0.674	1.652	1.083	133.6	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100. * EMU member

■ D-MARK FUTURES (CME) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5572	0.5550	-0.0022	0.5572	0.5543	8,069	54,049
Jun	0.5590	0.5576	-0.0022	0.5590	0.5556	882	7,828
Sep	-	0.5629	-	-	-	2	184

■ SWISS FRANC FUTURES (CME) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6858	0.6831	-0.0025	0.6858	0.6828	11,307	56,056
Jun	0.6915	0.6889	-0.0029	0.6915	0.6888	943	6,623
Sep	-	0.6960	-0.0023	-	0.6960	7	322

■ JAPANESE YEN FUTURES (CME) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8221	0.8108	-0.0118	0.8224	0.8098	22,352	87,160
Jun	0.8316	0.8207	-0.0120	0.8317	0.8200	6,389	16,837
Sep	-	0.8434	-	-	-	16	1,504

■ STERLING FUTURES (CME) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6128	1.6074	-0.0054	1.6144	1.6060	9,255	65,136
Jun	1.6060	1.6060	-0.0054	1.6076	1.6044	798	7,603
Sep	-	1.6040	-0.0070	-	1.6040	18	241

UK INTEREST RATES

LONDON MONEY RATES

Mar 4	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5¼ - 4⅞	5½ - 5⅜	5¼ - 5⅛	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	5½ - 5[illegible]	[illegible]	5⅛ - 5⅛	[illegible]
Treasury Bills	-	-	[illegible]	[illegible]	-	-
Bank Bills	-	-	[illegible]	[illegible]	-	-
Local authority deps.	5⅜ - 5¼	5⅜ - 5¼	[illegible]	[illegible]	5¼ - 5⅛	5¼ - 5⅛
Discount Market deps	5½ - 5[illegible]	5½ - 5[illegible]	-	-	-	-

UK clearing bank base lending rate 5½ per cent from Feb 4, 1999

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	4	6.5	6.5	6.25	6.25

Certs of Tax dep. under £100,000 is 4pc. Deposits withdrawn for cash 2pc. Ave. tender rate of discount on Feb 19, 5.0124pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1999. Agreed rate for period Mar 24, 1999 to Apr 23, 1999, Scheme III 6.80pc. Reference rate for period Jan 30, 1999 to Feb 26, 1999, Schemes IV & V 5.550pc. Finance House Base Rate 6.0pc for Mar 1999

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.510	94.530	+0.015	94.540	94.510	18661	186310
Jun	94.680	94.720	+0.030	94.770	94.680	40948	190057
Sep	94.650	94.710	+0.050	94.760	94.620	40515	189478
Dec	94.420	94.460	+0.030	94.510	94.380	14629	148945
Mar	94.550	94.560	+0.010	94.600	94.470	19461	140110

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
94500	0.050	0.300	0.365	0.020	0.080	0.155
94625	0.005			0.100		
94750	0	0.145	0.225	0.220	0.175	0.265
94875	0			0.345		
95000	0	0.060	0.120	0.470	0.340	0.410
95125	0			0.595		

Est. vol. total, Calls 41585 Puts 9421. Previous day's open int., Calls 589121 Puts 658785

EMS EUROPEAN CURRENCY UNIT RATES

Mar 4	Euro cen. rates	Rate against Euro €	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Greece	353.109	321.90	-0.3	-8.84	9.31	59
Denmark	7.46038	7.4344	-0.0001	-0.35	0.00	2
NON ERM MEMBERS						
UK	0.653644	0.67596	+0.0036	3.40	-3.63	-

Euro central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Euro; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Euro central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Euro central rate. 17/9/92 Sterling suspended from ERM. 10/3/94 Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound) [illegible]

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM) [illegible]

■ THREE MONTH EURODOLLAR (CME) $1m points of 100% [illegible]

■ US TREASURY BILL FUTURES (CME) $1m per 100% [illegible]

All Open interest figs. are for previous day

BASE LENDING RATES

	%		%		%
Adam & Company	5.50	Exeter Trust Limited	6.50	Smith & Williamson	5.50
Allied Irish Bank (GB)	5.50	●Robert Fleming & Co	5.50	Sun Bank	5.50
●Henry Ansbacher	5.50	Habib Bank AG Zurich	5.50	TSB	5.50
Banco Bilbao Vizcaya	5.50	Heritable & Gen Inv Bk	5.50	United Bank of Kuwait	5.50
Bank of Cyprus	5.50	C. Hoare & Co	5.50	Unity Trust Bank Plc	5.50
Bank of Ireland	5.50	●SG Hambros Bank & Trust	5.50	Whiteaway Laidlaw	5.50
Bank of India	5.50	Hongkong & Shanghai	5.50	Yorkshire Bank	5.50
Bank of Scotland	5.50	Investec Bank (UK) Ltd	5.50		
Barclays Bank	5.50	Julian Hodge Bank	5.50		
Brit Bk of Mid East	5.50	●Leopold Joseph & Sons	5.50		
●Brown Shipley & Co Ltd	5.50	Lloyds Bank	5.50		
Citibank NA	5.50	Midland Bank	5.50		
Clydesdale Bank	5.50	NatWestminster	5.50		
The Co-operative Bank	5.50	●Rea Brothers	5.50		
Coutts & Co	5.50	Royal Bk of Scotland	5.50		
Cyprus Popular Bank	5.50	Scottish Widows Bank	5.50		
Duncan Lawrie	5.50	●Singer & Friedlander	5.50		

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Drought threatens Indian tea season

By Kunal Bose in Calcutta

India's new tea season has begun with the threat of drought. March is the first month of harvesting in Assam and West Bengal but so far the two eastern Indian states, which account for nearly 75 per cent of the country's crop, have not received any rain.

"The long dry spell will badly hit the plucking of tea leaves next month. I think March will be a wasted month," said Karan Paul, managing director of AFT Industries, one of India's largest tea groups.

March tea production in eastern India could fall to 10m kg from 30m kg in the same month last year, said officials, with tea quality also likely to be affected.

The drought has already hit the year-round tea production in southern India. Last year, India produced a record crop of 870.4m kg against 810.6m kg in 1997, but south Indian output fell and Assam and West Bengal accounted for the entire production gain.

"I will be surprised if India can produce 870m kg of tea this year. We had a wonderful fourth quarter in 1998 when production was up 35m kg. But this does not happen every year," said Mr Paul.

The drought has upset the 1999 production target of 890m kg, according to the Indian Tea Association, and the country will have to scale back its export target of 230m to 235m kg to a more realistic 210m kg.

However, India is not alone in facing dry weather problems. Sri Lanka, which is in the same weather zone as south India, has also had a poor start this season.

Also, Ranabir Sen, managing director of J. Thomas, the world's largest tea broker, said Kenya lost about 30 per cent of its production in January.

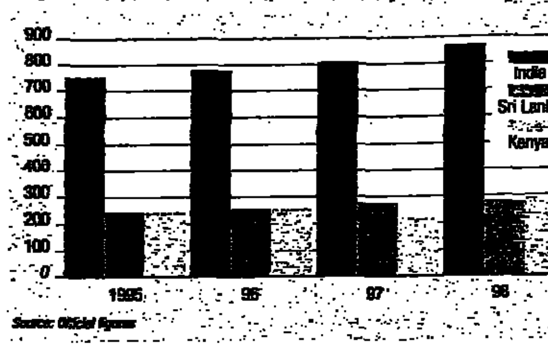
"It will be a disappointing first quarter for Kenya after it bounced back with a record crop of 294.2m kg in 1998," he said.

The African country was hit by the El Niño weather phenomenon in 1997, cutting tea production by 36.44m kg to about 221m kg.

As crop losses in India and Kenya in the first quarter look certain, the big tea blenders are buying more at the auctions than they usually do this time of year.

"We opened the new season with stocks of more than 30m kg but the prices of well made crush, tear and curl and whole leaf orthodox teas are steady to firm because of strong buying by the blenders," said Mr Sen.

If the dry spell in Assam and West Bengal continues for some time, Indian tea prices "will go through the roof like in 1997", Mr Paul said. "Good teas, for which there is a big market within the country, are selling at fairly attractive prices. But whenever there are signs of shortage, all kinds of teas get good prices," he said.



Last year's tea agreement with Russia, under which it will buy 100m kg a year from India, will boost the prices of medium and plain teas. Indian tea companies will also try to sell to Iraq under the oil-for-food programme, while Sri Lanka has orders for 2.5m kg of tea from Iraq under the programme, Mr Paul said.

Lower prices bring testing times for Jamaican bauxite

Jobs have been cut in a search for efficiency, says **Canute James**

These are testing times for Jamaica's bauxite industry, which has been thriving in recent years. Although the world's third largest bauxite producer has reported record output, its revenues have fallen. Miners and refiners have been forced to cut jobs in a search for efficiency and to reduce costs.

The lower revenues and job cuts have been caused by the soft market for the ore – a consequence of low prices for aluminium being fed back into mining and refining. No early relief is expected, according to Dennis Morrison, senior economist of the Bauxite Institute, a state agency that monitors the industry.

The problems have appeared after Jamaica's bauxite production grew last year by 5.9 per cent to 12.7m tonnes, the highest in the past 25 years and the third highest annual output in the history of the industry, according to the institute.

Alumina production last year was 3.44m tonnes, 1.3 per cent more than in 1997. The growth was partially attributed to improved industrial relations, which followed a series of strikes over wage contracts at some mines and refineries.

Kaiser Jamaica Bauxite, a mining subsidiary of Kaiser Aluminum of the US, is losing 93 workers from its mining and port operations. The job cuts have been caused by lower prices on the London Metal Exchange, high labour costs and lower purchase commitments from two large customers, the company said.

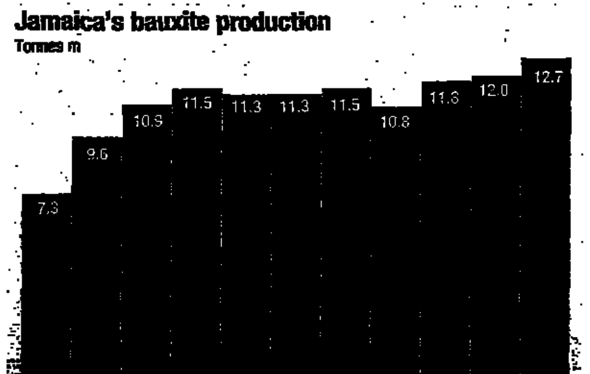
Jamalco, a refiner jointly owned by Alcoa of the US and the Jamaican government, is shedding 120 jobs, while Alcan Jamaica, owned by Alcan of Canada, is making 30 workers redundant. The total number of redundancies are about 5 per cent of the jobs in the industry.

"With competition from alumina producers worldwide, it is critical that our company continues to reduce its cost of production if it is to survive," said Bernard Cousineau, president of Alcan Jamaica. "Higher production and a reduction in caustic soda and oil consumption helped to lower costs. However, continued increases in people costs remain an ongoing concern."

Low metal prices cut Jamaica's revenues from bauxite and alumina exports last year to $690m, about $30m less than 1997.

"Low metal prices will continue to affect us for some time because of the continued uncertainty created internationally by the financial crisis in east Asia, which will not go away soon," said Mr Morrison. "It will last as long as it takes key economies, such as Japan, to recover. But this situation will not get worse as there is growth in other economies, such as the US."

Falling metal prices have forced Alumina Partners to try to reduce operating costs, said Ray Gendron, the company's general manager, in a statement on its operations. Productivity has risen, he said, but this has been offset by a soft world commodity market.



Source: Jamaica Bauxite Institute
Picture by: Panos Pictures

Concern over labour unrest has eased since the 1997 strikes.

"A significant step forward for the industry was the signing of an accord between the companies, unions and the government, which has already helped to improve industrial relations and investment climate in the industry," the Bauxite Institute reported.

But the industry is also troubled by an inability to increase alumina production quickly and significantly. Refineries are operating at full capacity, but producers are trying to expand output.

The Jamalco refinery will increase capacity this year to 1m tonnes per year from 850,000 tonnes. Alcan Jamaica is refurbishing its two plants to lift output from the current 1.2m tonnes, while Alumina Partners, the biggest refiner, plans to increase its 1.5m tonnes per year capacity.

Row erupts over Gold Fields plan

By Gillian O'Connor
Mining Correspondent

Messy cross-holdings are one of the corporate anachronisms South African mining companies are trying to remedy. But getting rid of them can produce new problems.

Witness the row over the proposal by Gold Fields, South Africa's second largest gold company, to mop up the minority shareholdings in Driefontein, a smaller quoted gold company.

The complexity of the transactions involved obscures the simplicity of the issues at stake.

Until now, Gold Fields and Anglogold, South Africa's biggest gold miner and part of Anglo America's empire, have both held big stakes in Driefontein, one of the world's richest gold mines.

It has been a slightly edgy partnership between rivals and Gold Fields has now agreed to buy Anglogold's shares in Driefontein for R30 cash a share. At the same time, cross-holdings between Gold Fields and the Anglo empire are being reduced.

However, Gold Fields also wants to make Driefontein a full member of the group rather than a subsidiary, which means bringing the minority shareholders, who own 40 per cent of Driefontein, into the fold.

This makes strategic sense for both companies: Gold Fields ties up a loose end; Driefontein shareholders get a share in a larger more diversified group with international ambitions; marketability of the shares improves. However, the terms of the proposed deal have created considerable opposition, prompting cries of "abuse of minorities".

This is because Driefontein's minority shareholders are generally perceived to be getting substantially less for their shares than Anglogold's R30 cash.

Calculations are complicated by the fact that what Gold Fields is suggesting is a reverse takeover: the relatively small Driefontein would take over the much larger Gold Fields. Gold Fields shareholders would get 155 Driefontein shares for every 100 Gold Fields.

With Gold Fields shares selling at R37, that puts an effective price of R24 on Driefontein shares, and there is no cash option.

Crude oil rallies on talks by exporters

MARKETS REPORT

By Robert Corzine, Paul Solman and Gillian O'Connor

Oil prices rallied yesterday as traders scrambled to cover short positions amid a flurry of diplomatic activity among the leading oil exporters.

Brent Blend for April delivery was $11.73 a barrel in late trading on London's International Petroleum Exchange, up 48 cents from Wednesday's close.

Traders attributed much of the rise to intensified talks between leading members of the Organisation of Petroleum Exporting Countries, and the announcement that Kamal Kharrazi, Iran's foreign minister, plans to visit Caracas for talks with Venezuela's new government on ways to bolster depressed crude prices.

Brazil's currency problems weighed heavily on sugar futures again yesterday. Raw sugar for May delivery dropped to a 12-year low on the Coffee, Sugar and Cocoa Exchange in New York, trading at 5.62 cents a pound in the afternoon. In London, May white sugar hit an 11-year low of $202 a tonne in late trading.

The weaker Real has boosted Brazil's sugar exports in a market already oversupplied, and while the currency falls, so will sugar prices, analysts said.

Copper reversed direction sharply yesterday. Initially, the London Metal Exchange price touched $1,375 a tonne, the lowest for 12 years, following a rise in LME stocks to a record 703,550 tonnes. Then it rocketed back through $1,420.

Robin Bhar at Brandeis suggested the change in sentiment could be due to rumours that the latest additions to stocks are part of finance deals and are not available to the market.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1151.5-52.5	1173-74
Previous	1151.5-52.5	1173-74
High/low		1178/1161
AM Official	1141-41.5	1162.5-63
Kerb close		1177-78
Open int.	298,720	
Total daily turnover	75,919	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1012-17	1173-74
Previous	1007-12	1030-35
High/low		1040/1025
AM Official	1003-05	1028-26.5
Kerb close		1039-40
Open int.	8,759	
Total daily turnover	2,584	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	525-26	523-3.5
Previous	517-8	517.5-8.5
High/low		527/515
AM Official	523.5-4	522.5-3
Kerb close		515-6
Open int.	37,593	
Total daily turnover	9,875	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	4940-50	5000-10
Previous	4910-20	4970-75
High/low		5140/4955
AM Official	5010-20	5070-75
Kerb close		5015-20
Open int.	72,691	
Total daily turnover	30,128	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5380-400	5320-40
Previous	5375-85	5315-20
High/low		5330/5310
AM Official	5375-80	5320-25
Kerb close		5320-25
Open int.	22,138	
Total daily turnover	3,169	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1052.5-3.5	1056-8
Previous	1044-45	1053-54
High/low		1063/1047
AM Official	1046-47	1053.5-54
Kerb close		1054-5
Open int.	99,624	
Total daily turnover	18,405	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1392-93	1418-19
Previous	1383-84	1409-10
High/low		1425/1376
AM Official	1380-80.5	1386-86.5
Kerb close		1418-9
Open int.	171,878	
Total daily turnover	75,978	

■ LME AM Official £/$ rate: 1.6073
LME Closing £/$ rate: 1.6065

Spot: 1.6067 3 mths: 1.6051 6 mths: 1.6049 9 mths: 1.6056

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	62.55	-	63.70	61.60	695	2,663
Apr	62.95	-	63.60	61.90	125	3,630
May	63.30	-0.10	64.75	62.15	7,209	40,716
Jun	63.70	-0.10	64.25	63.85	11	1,898
Jul	64.00	-0.10	65.40	63.00	96	9,515
Aug	64.35	-0.10	63.60	63.60	22	1,457
Total					8,358	76,864

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	Eur equiv
Close	287.70-288.20		
Opening	288.20-286.60		
Morning fix	286.700	177.964	263.802
Afternoon fix	287.700	179.118	265.504
Day's High	288.30-288.70		
Day's Low	286.30-286.70		
Previous close	288.80-287.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.24	6 months	4.05
2 months	4.21	12 months	3.77
3 months	4.18		

Silver Fix	p/troy oz.	US cts equiv.
Spot	324.480	522.25

Silver Lending Rates

1 month	-2.00	6 months	-2.00
2 months	-2.00	12 months	-2.00
3 months	-2.00		

Gold Coins	$ price	£ equiv.
Krugerrand	290-294	180-183
New Sovereign	68-72	42-45

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	288.4	+1.2	-	-	-	16
Apr	289.5	+1.2	290.0	287.4	19,757	106k
Jun	291.3	+1.2	291.8	289.5	696	24,945
Aug	293.3	+1.2	-	-	263	7,333
Oct	295.2	+1.2	295.0	295.0	8	2,886
Dec	297.1	+1.2	297.9	295.4	88	12,941
Total					21,397	191,191

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	373.1	+0.9	375.0	370.0	2,039	14,090
Jul	370.1	+0.4	372.5	369.0	216	2,863
Oct	370.1	+0.4	-	-	13	961
Total					2,261	17,918

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	346.85	+0.25	348.00	348.00	30	309
Jun	345.10	+0.25	347.00	342.00	212	2,478
Sep	338.10	+0.25	340.00	336.00	15	146
Total					215	3,074

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	528.4	+2.8	531.0	522.0	718	3,038
May	527.3	+2.8	531.5	519.5	29,482	53,069
Jul	527.3	+2.0	532.0	518.5	5,119	15,642
Sep	527.3	+2.0	530.5	524.0	89	4,281
Dec	525.3	+1.8	530.0	520.0	370	8,467
Jan	525.0	+1.8	-	-	-	11
Total					36,933	90,876

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	13.46	+0.53	13.50	12.78	94,238	115k
May	13.55	+0.51	13.60	12.90	27,506	77,758
Jun	13.62	+0.49	13.66	12.98	15,930	59,925
Jul	13.68	+0.46	13.74	13.10	5,406	32,007
Aug	13.63	+0.33	13.73	13.48	3,607	20,254
Sep	13.76	+0.38	13.80	13.60	3,330	15,067
Total					163,986	539,304

■ CRUDE OIL IPE ($/barrel)

	6pm price	Day's change	High	Low	Vol	Open int
Apr	11.72	+0.47	11.76	11.11	26,604	48,619
May	11.85	+0.45	11.89	11.28	23,063	55,127
Jun	12.02	+0.47	12.02	11.46	7,806	40,635
Jul	12.10	+0.42	12.14	11.57	2,106	16,848
Aug	12.22	+0.42	12.26	11.70	807	6,656
Sep	12.33	+0.41	12.33	11.83	468	5,293
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	34.85	+1.30	35.10	33.25	20,882	44,197
May	35.15	+1.10	35.30	33.66	6,416	22,421
Jun	35.70	+1.10	35.85	34.50	1,669	19,358
Jul	36.35	+1.05	36.35	35.20	747	12,427
Aug	36.90	+0.80	36.90	35.90	929	10,180
Sep	37.80	+0.85	38.00	36.80	1,264	6,665
Total					33,440	156,086

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	105.25	+4.50	105.50	99.75	10,613	20,271
Apr	105.00	+4.25	105.00	99.75	9,308	26,114
May	105.50	+3.50	105.50	100.75	3,880	14,545
Jun	106.75	+3.00	107.00	103.00	3,751	13,738
Jul	109.25	+3.00	109.50	105.75	233	5,937
Aug	111.75	+3.25	112.00	108.25	664	5,719
Total					30,608	129,077

■ NATURAL GAS IPE (1,000 therms; pence per therm)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	9.300	+0.050	9.320	9.290	260	3,720
Apr	9.210	+0.030	9.220	9.180	175	2,040
Total					735	22,570

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	1.780	+0.037	1.765	1.715	17,488	66,121
May	1.790	+0.037	1.795	1.740	6,019	21,620
Jun	1.815	+0.032	1.820	1.780	3,032	20,627
Jul	1.850	+0.030	1.860	1.822	1,980	16,471
Aug	1.885	+0.030	1.890	1.860	767	14,366
Sep	1.905	+0.010	1.915	1.895	1,667	16,042
Total					37,989	283,948

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	41.30	+1.39	41.50	39.60	25,019	40,103
May	42.25	+1.30	42.35	40.70	6,672	20,545
Jun	42.90	+1.07	43.00	41.75	2,804	18,683
Jul	43.60	+1.19	43.60	42.25	2,249	16,868
Aug	43.70	+0.99	43.70	42.40	24	4,338
Sep	43.10	+0.29	43.10	42.75	325	4,055
Total					37,197	111,709

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	71.90	-0.10	-	-	17	69
May	74.50	+0.40	74.75	74.00	104	3,505
Jul	76.40	+0.40	76.75	76.15	12	1,290
Sep	75.30	+1.00	-	-	-	191
Nov	77.30	+1.00	77.75	77.00	131	2,892
Jan	79.30	+1.00	79.50	79.25	3	431
Total					250	8,223

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	252.50	+2.25	257.00	250.00	7,054	5,294
May	262.50	+2.00	267.00	259.00	7,707	49,550
Jul	272.50	+2.25	277.25	269.00	18,523	55,150
Sep	283.00	+2.75	287.00	280.00	420	5,408
Dec	297.25	+2.75	301.00	294.00	573	7,584
Mar	306.25	+2.25	309.50	305.50	43	2,373
Total					35,901	123,603

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	210.50	+1.50	212.25	208.75	7,621	15,847
May	217.00	+2.25	218.75	214.00	25,410	142,850
Jul	223.75	+2.50	225.00	220.75	7,191	105,524
Sep	230.25	+2.00	231.50	229.25	869	24,165
Dec	239.00	+1.75	241.00	237.00	4,911	66,002
Mar	246.50	+1.75	248.50	246.00	214	7,365
Total					46,306	366,161

■ BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	73.75	-	-	-	11	63
May	73.75	-	-	-	10	163
Sep	74.25	+0.75	-	-	-	35
Nov	76.50	+0.75	-	76.00	10	288
Jan	78.50	+0.75	-	-	-	20
Total					-	569

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	459.50	+1.00	466.50	459.00	5,175	5,730
May	468.00	+0.25	476.00	466.50	31,656	60,011
Jul	476.75	-0.25	484.50	476.00	7,052	44,525
Aug	480.50	-0.50	489.00	480.00	1,166	14,091
Sep	481.50	-0.50	490.50	481.50	226	5,022
Nov	490.00	-1.25	498.00	489.50	3,432	25,445
Total					49,178	157,286

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	17.67	-0.42	18.05	17.60	3,174	3,032
May	17.88	-0.48	18.37	17.85	13,739	52,182
Jul	18.15	-0.49	18.62	18.14	4,750	32,065
Aug	18.31	-0.49	18.80	18.30	662	7,271
Sep	18.48	-0.42	18.80	18.48	219	7,317
Oct	18.60	-0.45	18.99	18.60	475	4,491
Total					25,983	134,420

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	126.6	+2.2	128.4	125.3	1,784	7,418
May	129.6	+2.5	131.8	126.8	7,920	47,435
Jul	132.3	+2.7	134.2	130.3	2,217	38,893
Aug	133.9	+2.7	135.5	132.3	188	10,916
Sep	135.3	+2.3	137.3	134.0	467	9,032
Oct	137.2	+2.7	138.8	135.0	110	4,204
Total					15,849	130,126

■ POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	282.0	+2.0	280.1	274.0	80	1,917
May	312.0	-1.0	311.0	310.0	17	29
Jun	322.0	-1.0	-	-	-	-
Nov	85.0	-	-	-	-	3
Mar	114.0	+2.0	-	-	-	-
Total					89	2,006

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	940	-5	945	933	59	203
Apr	977	+2	981	970	23	910
Jul	840	-5	840	840	19	569
Oct	950	-	950	950	-	370
Jan	980	+10	970	970	10	29
Total					98	2,096

	Close	Prev
BFI	987	975

PULP AND PAPER

■ PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	402.50	+7.25	-	-	-	239
Jun	426.00	+5.00	428.00	421.00	57	329
Total					80	723

FUTURES DATA
All futures data supplied by CMS.

Wool from Mallett & Co
Wool sold well in Australia, with prices firm or slightly dearer. The eastern market indicator ended at 502 cents, up 7 cents in the week. New Zealand wool also sold at reasonably steady prices, the indicator there just 2 cents lower at 383 cents a kg. So far this year, wool markets have fluctuated fairly narrowly, close to seasonal lows. Prices remain uneconomic for many farmers, who are cutting production and holding wool from auction in the hope of seeing improvement later. Demand is subdued, and currency changes do not help efforts to trade profitably.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	868	+8	869	863	278	5,270
May	865	+11	866	857	2,251	50,678
Jul	884	+10	885	878	339	14,223
Sep	903	+9	905	898	438	30,547
Dec	924	+6	927	920	719	28,144
Mar	945	+7	947	941	370	18,048
Total					4,749	189,423

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1227	+7	1230	1210	122	529
May	1236	+8	1243	1226	6,759	34,430
Jul	1259	+9	1262	1249	1,542	12,887
Sep	1283	+7	1285	1274	1,458	6,930
Dec	1319	+6	1322	1313	126	6,053
Mar	1357	+6	1358	1351	314	6,514
Total					10,616	70,435

■ COCOA (ICCO) (SDR's/tonne)

Mar 3	Price	Prev. day
Daily	976.04	989.29

■ COFFEE LIFFE (5 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1765	+23	1770	1739	558	8,433
May	1575	+28	1582	1536	8,296	27,663
Jul	1564	+29	1570	1525	1,948	7,842
Sep	1559	+27	1560	1525	600	2,651
Nov	1554	+27	1552	1523	183	1,285
Jan	1549	+27	1535	1518	58	404
Total					11,663	48,367

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	101.70	+1.70	103.00	99.50	569	642
May	103.40	+2.75	105.00	100.30	12,059	26,309
Jul	104.85	+2.55	106.50	102.10	3,307	7,222
Sep	106.50	+2.25	109.00	104.10	1,190	4,159
Dec	108.20	+2.15	109.50	106.00	342	1,921
Mar	109.70	+2.15	108.25	107.90	176	633
Total					17,658	40,972

■ COFFEE (ICO) (US cents/pound)

Mar 3		Prev. day
Comp. daily	87.47	90.43
15 day average	91.54	91.83

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	203.3	-5.7	209.0	199.5	2,353	25,119
Aug	195.9	-6.0	201.8	192.5	779	13,054
Oct	189.1	-6.8	195.5	186.5	997	8,958
Dec	190.1	-6.5	196.4	187.0	590	2,289
Mar	194.8	-6.3	200.6	192.0	140	3,114
May	195.8	-6.5	201.0	193.5	86	991
Total					4,909	53,927

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	5.50	-0.35	5.89	5.45	11,449	70,655
Jul	5.28	-0.30	5.61	5.24	7,417	44,172
Oct	5.63	-0.32	5.96	5.60	1,660	26,081
Mar	6.34	-0.26	6.63	6.33	1,813	16,737
May	6.43	-0.24	6.73	6.40	267	2,793
Jul	6.51	-0.18	6.69	6.50	65	1,848
Total					22,918	162,294

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	66.60	+0.55	66.50	65.00	72	1,865
May	61.29	+0.73	61.45	59.69	8,033	30,818
Jul	59.79	+0.69	59.90	58.30	1,857	16,474
Oct	59.83	+0.73	59.85	58.70	43	1,730
Dec	59.88	+0.68	60.20	58.75	1,358	16,396
Mar	60.80	+0.73	61.20	59.90	126	2,154
Total					11,634	70,727

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	86.35	+0.35	86.25	86.00	1,002	838
May	82.90	+1.05	82.90	81.60	1,559	16,665
Jul	82.70	+1.05	82.70	81.80	383	5,208
Sep	82.15	+0.80	82.40	81.70	108	2,265
Nov	82.50	+0.85	82.00	82.00	24	1,493
Jan	83.45	+1.30	-	-	-	989
Total					3,074	27,784

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Mar 4	Mar 3	month ago	year ago
1385.3	1408.4	1447.8	1695.9

■ CRB Futures (Base: 1967 = 100)

Mar 3	Mar 2	month ago	year ago
184.05	184.46	-	-

■ GSCI Spot (Base: 1970 = 100)

Mar 3	Mar 2	month ago	year ago
134.16	132.62	133.93	163.71

LME WAREHOUSE STOCKS (tonnes)

Aluminium	+2,375	to	815,275
Aluminium alloy	-520	to	87,000
Copper	+8,800	to	703,550
Lead	+75	to	107,525
Nickel	+24	to	60,870
Zinc	-1,100	to	308,150
Tin	-50	to	8,920

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	67.500	-0.650	68.425	67.550	9,258	53,855
Jun	65.175	-0.425	65.875	65.100	3,872	31,714
Aug	63.500	-0.375	64.000	63.400	1,388	15,066
Oct	65.250	-0.275	65.750	65.150	802	9,523
Dec	66.650	-0.400	67.000	66.650	116	3,978
Feb	67.650	-0.200	67.900	67.600	47	836
Total					15,598	115,669

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	43.425	+0.875	43.875	42.450	4,478	16,345
Jun	54.850	+0.900	55.400	53.900	2,227	10,053
Jul	55.725	+0.950	55.900	54.700	564	4,480
Aug	56.150	+0.725	56.250	55.200	314	4,076
Oct	54.700	+0.650	55.050	54.150	272	4,639
Dec	55.250	+0.375	55.500	54.850	168	2,261
Total					8,079	42,272

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Mar	51.500	+3.000	51.500	49.700	679	1,104
May	53.425	+3.000	53.425	51.650	1,028	2,496
Jul	54.375	+2.725	54.650	52.100	116	854
Aug	54.000	+2.750	54.250	52.400	13	328
Total					1,836	4,782

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1150	33	66	17	30
1200	12	40	45	53
1250	3	23	86	85
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1350	67	112	21	45
1400	38	85	42	67
1450	20	62	73	93
■ COFFEE LIFFE	May	Jul	May	Jul
1600	142	42	1	67
1650	92	25	1	100
1700	43	14	1	139
■ COCOA LIFFE	May	Jul	May	Jul
900	17	33	52	49
925	11	24	71	65
950	7	17	92	83
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1050	-	-	2	24
1100	58	-	5	48
1150	33	75	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$10.99-1.10	+0.285
Brent Blend (dated)	$11.17-1.27	+0.460
Brent Blend (Apr)	$11.69-1.79	+0.430
W.T.I.	$13.43-3.48x	+0.585

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline ‡	$120-122	
Gas Oil	$109-111	+4
Heavy Fuel Oil	$56-58	
Naphtha	$105-107	+1
Jet fuel	$118-119	+4
Diesel	$113-114	+4

■ NATURAL GAS (Pence/therm)

Bacton (Apr)	9.30-9.33	+0.08

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$287.95	+0.90
Silver (per troy oz)♣	528.50c	+2.50
Platinum (per troy oz.)	$372.00	
Palladium (per troy oz.)	$345.00	-5.00
Copper	67.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	19.80r	
Tin (New York)	256.5	
Cattle (live weight)	89.54p	-1.32*
Sheep (live weight)	94.41p	+10.11*
Pigs (live weight)†	62.28p	+5.67*
Lon. day sugar (raw)	$152.20	-5.50
Lon. day sugar (wte)	$220.80	-5.70
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Mar)♥	45.50p	
Rubber (Apr)♥	46.00p	
Rubber (KL RSS No1)	256.50m	-3.00
Coconut Oil (Phil)§	707.5	-12.5
Palm Oil (Malay.)§	515.0y	+5.0
Copra (Phil)§	445.0z	
Soyabeans (US)	148.5y	
Cotton Outlook'A' index	55.90	
Wooltops (64s Super)	282p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. y Mar. x Apr. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on. ‡ Unleaded Gasoline will replace Premium on March 15th. 869 head of pigs sold.

JOTTER PAD

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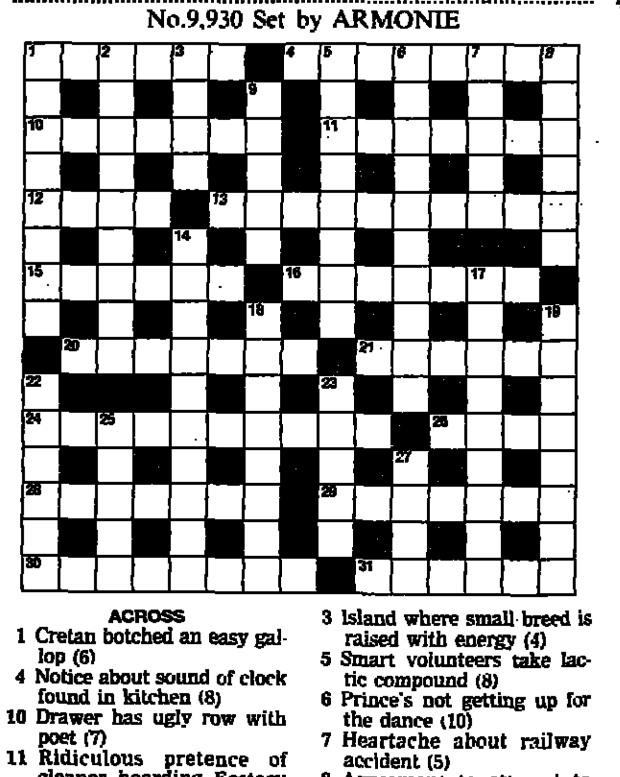

ACROSS
1 Cretan botched an easy gallop (6)
4 Notice about sound of clock found in kitchen (8)
10 Drawer has ugly row with poet (7)
11 Ridiculous pretence of cleaner hoarding Ecstasy (7)
12 Talk about item of clothing (4)
13 Stumble in feeble illumination (5,5)
15 Kipling's boy turned away from a party for Japanese emperor (6)
16 International players beat the tackle (7)
20 Bob has to mess with one putting his foot down (7)
21 A soaking has Derbyshire openers stifling cry of pain (6)
24 Driving technique gets man and beast to Spain (4-3-3)
26 Wager six-footer has energy (4)
28 Figure, on reflection, electrical engineer concealed accident (7)
29 President to stay and be in authority (7)
30 Floppy kites Ted designed (8)
31 Space traveller having track in gym (6)

DOWN
1 Tom has a curry in the vault (8)
2 Unexpected demand for card game (9)
3 Island where small breed is raised with energy (4)
5 Smart volunteers take lactic compound (8)
6 Prince's not getting up for the dance (10)
7 Heartache about railway accident (5)
8 Agreement to attempt to restrict decay (6)
9 Orchestra leader subscribed to fast time for slow movement (5)
14 Water swallowed very quietly in the throat (5,5)
17 An uprising in the South Atlantic (9)
18 Ed hated a fancy tie (4,4)
19 Awe-struck conservationists sustain American patriot (8)
22 It's clever getting spitfire to Land's End (6)
23 Police concealing redhead's body (5)
25, 27 Measure one's alarm of Emily's pseudonym (5,4)

Solution 9,929

For solutions to today's crossword call 0906 843 6060. Calls cost 60p a minute.

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Offshore Funds

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OFFSHORE AND OVERSEAS

BERMUDA (FSA RECOGNISED)

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Fidelity Currency Funds Ltd					
Pembroke Hall, Pembroke, Bermuda					
UK Paid Advisers 0800 414181 Jersey 01534 71696					
Private Clients 0800 414161 00 352 250404230					
From O'seas (44) 1732 777377 Hong Kong (852) 848 1800					
[illegible]					
Prices for dealing March 3					
Jupiter Asset Management (Bermuda) Ltd					
PO Box HM1258, Hamilton, Bermuda 001 441 292 2780					
[illegible]					
Newport Investment Management					
20 Reid St, PO Box HM 3380 Hamilton Bermuda					
[illegible]					
Orion Fund Limited					
8 Front St, Hamilton, HM11, Bermuda HM 11441 292 6270					
Orion (Sasp) Oct 16		$27.86		—	-

BERMUDA (REGULATED)(**)

[illegible]

CAYMAN ISLANDS (REGULATED)(**)

[illegible]

	Selling Price	Buying Price	+ or -	Yield Gross
MFS Meridian Funds - Contd.				
[illegible]				
Marshall Wace Asset Management Limited				
[illegible]				
Masters International Advisors				
[illegible]		$335.00	—	-
Montgomery Emerging Markets Fund Ltd				
NAV Oct 16	$758.10		—	-
Morgan Stanley Offs Advisory Mortgage Fd Inc				
Class A Shares	$9.96			-
National Investment Trust Company Ltd				
The New Taiwan Fund Ltd	$15.5734		—	-
North Atlantic Management Co Ltd				
Compass	$17.01	17.52	--	-
Olympus Capital Management Ltd				
[illegible]				
Omega Overseas Partners Ltd				
[illegible]				
Opportunity Fund (z)				
[illegible]				

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

GUERNSEY (FSA RECOGNISED)

[illegible]

IRELAND (FSA RECOGNISED)

[illegible]

Meet a German bank
that knows its
own strengths
Come to
Bankgesellschaft Berlin

BANK GESELLSCHAFT BERLIN

Bankgesellschaft Berlin AG

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (FSA RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (FSA RECOGNISED)

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

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	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 01534 812700						
Equity Funds						
[illegible]						
Currency Funds						
Sterling			£32.59			5.8
US Dollar			$41.08			4.5
Bond Funds						
Sterling Bond	3½	C	[illegible]	0.4961		6.8
Gartmore Fund Managers Intl Ltd (z)						
PO Box 278, 45 La Motte St., Jersey 01534 [illegible]						
[illegible]						
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 657, New Street, St. Helier, Jersey 01534 604614						
[illegible]						
Lloyds Bank (CI) U/T Mgrs.						
[illegible]						

	Selling Price	Buying Price	+ or -	Yield Gross
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Mar 4	$15.46	15.78	-0.18	2.72
Murray Johnstone (Jersey) Limited				
[illegible]				
Newton Fund Managers (CI) Ltd				
Corporate Money Ltd	[illegible]		[illegible]	5.87
Corporate Money Ltd	[illegible]		[illegible]	4.75
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Mar 3	$30.27	32.10		-
Royal Bank of Scotland Fund Managers (CI) Ltd				
[illegible]				
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
[illegible]				

LUXEMBOURG (FSA RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

OFFSHORE INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

CMI Insurance Co Ltd - Contd.

CMI Ins Co Ltd/Clerical Med Life

Old Mutual International - Contd.

Old Mutual International (Ireland) Ltd

Aberdeen Asset Management Asia Limited

Ability Fund Limited

Access Investment Management (HK) Ltd

Acciones y Valores de Mexico SA de CV

Acuma Capital Management Limited

Advanced Asset Management Ltd

Alexandra Global Investment Fund I, Ltd

Allianz Investment Holdings N.V.

Alliance Capital

Allied Dunbar International Fund Mngrs

Alpha Fund Management Ltd

Daiwa Intl Capital Management (H.K.) Ltd

Delta Managed Funds Limited

Dresdner RCM Global Investors (HK) Ltd

Dresdner Bank Investment Group

Garantie Fund of Funds Ltd

Global Asset Management

Indosuez Emerging Markets Asset Mgmt SA

Jardine Fleming Unit Trusts Ltd

Moneda Asset Management

Morgan Stanley Emerging Markets Income

Scudder, Stevens & Clark Inc

Selective Assets Series Fund Limited

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complex issues. That's why we offer an extensive range of products and services

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Dresdner Bank Investment Group - Contd.

ESS Overseas Fund Ltd

East Europe Development Fund Ltd

Edelweiss Portfolio Ltd

Global Asset Management - Contd.

OTHER OFFSHORE FUNDS

AIB Global Trading Investments Ltd

AXA Investment Managers Hong Kong Ltd

AXA Investment Managers Paris

● MANAGED FUNDS NOTES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Volume '000s	Yld Gr's	P/E
Allied Domecq	N	495	+5½	546	385	3,874	5.1	13.0
Bulmer (HP)		288	—	398	279¼	-	6.6	12.8
Burn Stewart		11½	—	30½	7	25	-	-
Diageo	SN	730½	+7	*795	476	23,813	2.7	22.1
Glenmorangie A	†	720	—	980	625	-	2.5	19.6
B	†	827½	—	968	810	-	1.1	44.9
Highland		246½	—	325	225	16	4.8	11.2
5¾pc Cv Sb Bd		97	+¼	100½	90½	-	5.9	-
Kirin Y		684xd	-16½	814¾	457¾	-	0.9	55.0
Merrydown		25½	-1	54½	18½	7	-	Φ
Seagram C$		[illegible]	[illegible]	[illegible]	[illegible]	-	0.9	-

BANKS, RETAIL

	Notes	Price	+ or -	52 week high	low	Volume '000s	Yld Gr's	P/E
[illegible]								

BREWERIES, PUBS & REST

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CONSTRUCTION

[illegible]

CONSTRUCTION - Continued

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Continued

[illegible]

ENGINEERING - Continued

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

FOOD PRODUCERS - Continued

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Continued

[illegible]

HOUSEHOLD GOODS & TEXT

[illegible]

INSURANCE

[illegible]

INSURANCE - Continued

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Continued

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

Some breathing space.

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LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

	Notes	Price	+ or −	52 week high	52 week low	Yld Gr's	NAV	Dis or Pm(−)
Approved by the Inland Revenue								
Aberdeen Emg Asia	♣	22¾	−¼	30½	13½	−	28.4	19.9
Atlantis Japan Grwth Fd		323½	+13¾	323½	158	−	400.3	19.2
Warrants		19½	+1	28	1¾	−	−	−
Baring Emrg Euro	♣	99¾	−	118	55	−	109.2	17.4
Warrants		40¾	+¾	67½	29¾	−	−	−
Brazilian IT	N	35¾	+¼	61¼	19¾	3.1	−	−
Warrants		9	−	30¼	7	−	−	−
Candover Euro Gwth	♣	37½	−¾	67½	26¾	−	47.3	20.7
Warrants		6½	−	11¾	0½	−	−	−
East German		12¾	−	13	5½	−	20.8	38.7
Egypt Trust $		755	−2¾	875	567½	2.1	−	−
F&C Latin American $♣		72½	+½	128¼	46	−	91.2	20.5
Warrants		31	−	76	16¾	−	−	−
1st Russian Frontiers $$		238½	−	1108	160	−	438.3	45.7
Warrants		67½	−	568	30	−	−	−
Warrants II		46½	−	525	15	−	−	−
Five Arrows Chile		105¾	+¾	111½	89¾	−	138.4	23.8
Warrants		1	−	4½	0½	−	−	−
Uns Cv Uns Ln 2040		111¼	+½	140½	83¾	−	−	−
Govett Asian Smlr	$	68	−	98	31	1.0	89.6	25.5
Henderson Smlr Asian Cos	♣	25¾xd	−	38½	15½	0.7	38.3	32.4
Warrants		3	−	7½	1½	−	−	−
Indonesia Fund		132¼	+1	145	123¾	−	−	−
Warrants		8	−	8¼	7½	−	−	−
Israel Fund $		54¾	+¾	63¾	39¾	−	61.4	10.9
Korea-Europe $	£	183½	+1¾	222½	95½	0.7	223.3	17.8
Korea Liberal $		108¾	+½	131	73¼	−	158.5	31.3
Warrants		15½	−	15¾	12	−	−	−
Lazard Birla India	$	37¾	+½	39¾	31½	−	−	−
Warrants		7¼	−¼	8	2¾	−	−	−
Schroder Korea Fd $♣		318½	+2	379¼	141¾	−	−	−

Net asset values supplied by Lipper as a guide only. See guide to London Share Service

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Continued

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Continued

SUPPORT SERVICES

TRANSPORT - Continued

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

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PROPERTY - Continued

SUPPORT SERVICES - Continued

RETAILERS, FOOD

RETAILERS, GENERAL

TELECOMMUNICATIONS

TOBACCO

TRANSPORT

AIM

Alternative Investment Market

AIM - Continued

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 index constituents and reserves contained in the Trading Volume table on the LSE page, last trade prices at or prior to 4:30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices/last trades over a rolling 52 week period.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

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For Retail Price Index details call 0906 843 0865

The FT web site

London share prices are available throughout the trading day with a 20 minute delay from our web site, http://www.ft.com, which also has the closing share prices printed on these pages.

LONDON STOCK EXCHANGE

Wall Street surge gives late boost to UK stocks

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The bullish news from America, in the form of a big joint venture between IBM and Dell Computer, rescued London's stock market from another day of depression.

The earlier woes in the market were mostly caused by persistent worries about the direction of US interest rates and next Tuesday's UK Budget.

Apart from a 0.4 gain on Tuesday, and today's late surge, the front-line stocks have been under constant selling pressure since the FTSE 100 index hit its all-time intra-day and closing peaks last Wednesday week.

"Wall Street, which has tended to shackle London in the recent past, got us out of jail today, with the IBM/Dell news," said one market-maker.

He also noted that turnover in the stock market had picked up considerably over the past couple of sessions.

Before the IBM/Dell news was known, the London market had made extremely hard work of making progress. It tried to go better at the start of the session, on the back of a surprise special dividend from Royal & Sun Alliance and a power-packed showing by the oil majors, BP Amoco and Shell.

Wall Street shot higher as news of the computer deal hit the market, with the Dow Jones Industrial Average posting a three-figure gain in quick time.

Dealers said the big jump in the market was a reflection of the abrupt change of heart in the US high-tech arena. Dell Computer was one of a handful of computer-related issues that had helped to keep the lid on Wall Street in recent weeks.

At the close of a topsy-turvy session, the FTSE 100 index was left with a 53.1 gain at 6,101.4, having reached a session high of *6,117.9 as Wall Street moved* into overdrive.

Earlier in the day, London moved up over 30 points in response to the Royal & Sun Alliance special dividend, which was the latest in a growing list of big special payments from UK companies such as Halifax, Woolwich and Unilever.

A push by Lehman Brothers, one of the leading US brokerages, sparked the surge in BP Amoco shares. "The biggest moves in the biggest stocks in one of the biggest sectors, was always bound to give a solid base to the market," said one salesman.

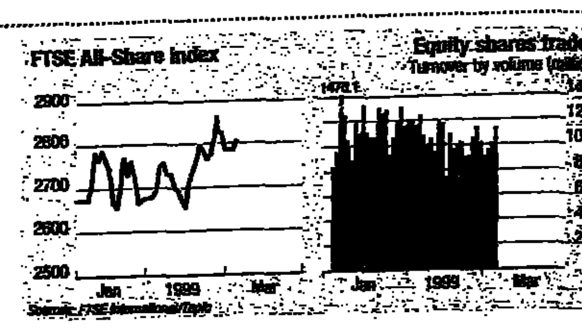
The upward move soon ran into squalls of profit-taking, however, with the FTSE 100 running back and posting a 26-point slide over lunchtime.

While the leaders were being dragged hither and thither, the second and third string companies were never pressured on the downside.

Dealers said that, while the top stocks were always influenced by global economic shifts, the more domestically orientated stocks tended to respond to hopes of a soft landing in the UK economy.

The FTSE 250 finished the day 27.9 ahead at 5,314.8, after a session high of 5,322.9. The FTSE SmallCap rose 6.9 to 2,289.4.

Turnover in equities gathered momentum, reaching 1.14bn shares at the 6pm cut-off point. FTSE 100 stocks again accounted *for the* lion's share of business, with 597.4m shares changing hands.



Indices and ratios

FTSE 100	6101.4	+53.1	FT 30	3742.3	+14.0
FTSE 250	5314.8	+27.9	FTSE Non-Fins p/e	2849.33	23.61
FTSE 350	2889.7	+23.7	FTSE100 Fut Mar	6100.0	+53.0
FTSE All-Share	2804.10	+22.21	10 yr Gilt yield	4.67	4.65
FTSE All-Share yield	2.73	2.76	Long gilt/equity yld ratio	1.81	1.78

Best performing sectors

1 Oil Exploration & Prod +5.5
2 Oil: Integrated +5.4
3 Resources +5.0
4 Engineering: Vehicles +3.4
5 Insurance +1.7

Worst performing sectors

1 Electricity −1.4
2 Telecommunications −1.2
3 Health Care −1.0
4 Other Financial −1.0
5 Diversified Industrials −1.0

Albright up 15% on talks

COMPANIES REPORT

By Peter John, Joel Kibazo and Martin Brice

Albright & Wilson jumped 15 per cent on unusually heavy turnover as takeover speculation tightened.

There were two motors behind the belief that an offer for the company – flagged in a statement to the stock exchange at the end of January – could be imminent.

First was the rumour that CSFB, one of Albright's joint brokers along with Cazenove, was resigning its brokership because of a conflict of interest. Albright could not be drawn on whether not there had been any changes. Second, finance director Ken Lever was locked in a meeting with the company's senior European executives, prompting questions about the content of the meeting ahead of Albright's full-year figures next week.

One dealer said a bid from Rhodia of France, which is majority owned by Rhône-Poulenc, *would hit at 130p a* share this morning.

Martin Evans at Sutherlands said: "There are myriad opportunities for bids and counter-bids and Albright is fundamentally worth 180p a share." By the close, Albright was up 14 at 109p on turnover of 12m shares.

British Vita was also a strong performer in the sector. The company is expected to announce full-year profits of £72m on Monday against £66.2m last time.

The shares jumped 18 to 230p.

BP Amoco led the oil sector higher helped by strong gains in the US, a firmer oil price and a recommendation from Lehman Brothers.

Crude prices had moved up 26 cents to $11.26 a barrel on Wednesday, after a fall in US storage volumes and talks between Iran and Saudi Arabia on how to boost prices.

Lehman said BP Amoco was its top stock pick among European oils for 1999 and it set a 12-month price target of £11 on the stock. "In our view it offers investors the most aggressive and most secure cost-cutting and earnings growth story in the sector," said the US broker.

BP jumped 45 to 902p and Shell Transport 18¾ to 349½p. However the astral performances were reserved for the area most highly geared to an upturn in oil prices – exploration and production stocks.

British-Borneo was the star turn of the FTSE 250 index with a rise of 10 to 115p in spite of denials by the company that it had received an approach. There had been talk of a US company mulling a bid of 180p per share.

Enterprise gushed up 16¼ *to 288p with doubt growing* that the much-vaunted merger with Lasmo would be announced with the Enterprise figures next week. Lasmo rose 7 to 129¼p.

It was another strong day for South African Breweries, the world's fourth largest brewing group, in which conditional dealing started on Monday. Yesterday the shares appreciated 16 to 456p.

The company set its placing price in new shares at 428p after a book-building exercise that closed last Friday but some had predicted poor trading this week.

Dresdner Kleinwort Benson *is a seller of the shares* and in a note to clients said: "South African Breweries' underlying earnings are growing at 23 per cent in rand terms, but only 13 per cent in dollar terms."

The broker also pointed to SAB's exposure to emerging markets and the availability of a large line of stock with Bevcon, the largest single shareholder with 28.5 per cent, having failed to sell its stake since May 1998.

Royal & Sun Alliance announced it was handing *back £750m to investors* and the share price responded enthusiastically with a rise of 36¾ to 587¾p.

One broker suggested that the benefits of the return were flattered by a share consolidation, but others said there was relief after a worrying set of nine-months figures.

Hillsdown improves

Food producer Hillsdown revealed a drop in operating profits before exceptional *items, to £80.2 from £100.5m,* blaming poor trading in the poultry sector.

However, an upbeat state*ment about future trading* helped the shares to improve 3½ to 73½p.

Among retailers, Marks and Spencer remained under pressure as dealers continued to focus on the weakness in the UK clothing market. Shares in the country's biggest clothes retailer lost another 4½ to 375¾p after trade of 11m.

A bounce was recorded in Debenhams which saw the shares close 9¼ up at 445p.

PowerGen fell 19½ to 767½p. The generator said warm weather and high competition in January and February might take £40m off its 1999 profits.

Satellite broadcaster BSkyB fell 13½ to 550½p. West LB Panmure highlighted a price target of 400p a share and Cazenove was *said to have cutforecasts.*

Dealers said the bid for Manchester United could well be topped by a European group with a fatter cheque book.

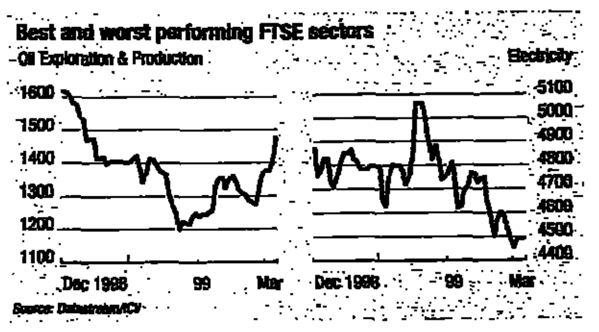
Transport and logistics company Ocean Group was up *40 at 841½p in brisk trade* of 1.9m as Peter Bergius at ABN-Amro described the easing of the shares since results earlier this week as "an *outstanding opportunity*" and said the stock was worth 950p.

In telecoms, dealers attributed the strong selling in British Telecommunications to sector rotation. The stock has had a strong run recently and at the day's worst the shares fell to 973p. The strong market performance helped them recover some of the losses to close 26 off at £10.40. In the rest of the sector, there was demand for Colt Telecom which saw the shares gain 13½ to £11.33½ while Vodafone Group rose 4 to £11.01.

The first purchase of stock in Arriva was made by new *chief executive Bob Davies,* who paid 388p each for 15,000 shares. The shares rose 1½ to 387½p. They were at 513p *early last year before profit* warnings related to the resale value of used cars.

Railtrack recovered from recent weakness and gained 40 to £14.95 although it seems to have lost the lustre that made it one of the market's best performers.

The shares outperformed by 130 per cent between March and October 1998, but since then have underperformed the FTSE 100 by 32 per cent as defensive stocks have tended to fall in the face of evidence that the UK will enjoy a soft landing rather than recession.



FT 30 INDEX

	Mar 4	Mar 3	Mar 2	Mar 1	Feb 26	Yr ago	*High	*Low
FT 30	3742.3	3728.3	3714.3	3704.3	3780.3	3607.4	4004.9	2790.6
Ord. div. yield	2.78	2.80	2.81	2.82	2.77	3.05	4.22	2.72
P/E ratio net	22.82	22.63	22.55	22.46	22.89	23.28	26.41	15.80
P/E ratio nil	22.76	22.57	22.49	22.40	22.83	23.05	25.19	15.71

FT 30 since compilation: high 4004.9 7/15/98; low 49.4 6/26/40. Base Date: 1/7/35.

FT 30 hourly changes

9	10	11	12	13	14	15	16	High	Low
3728.3	3740.1	3739.5	3726.1	3723.6	3729.6	3738.6	3762.7	3766.5	3714.1

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STOCK MARKET TRADING DATA

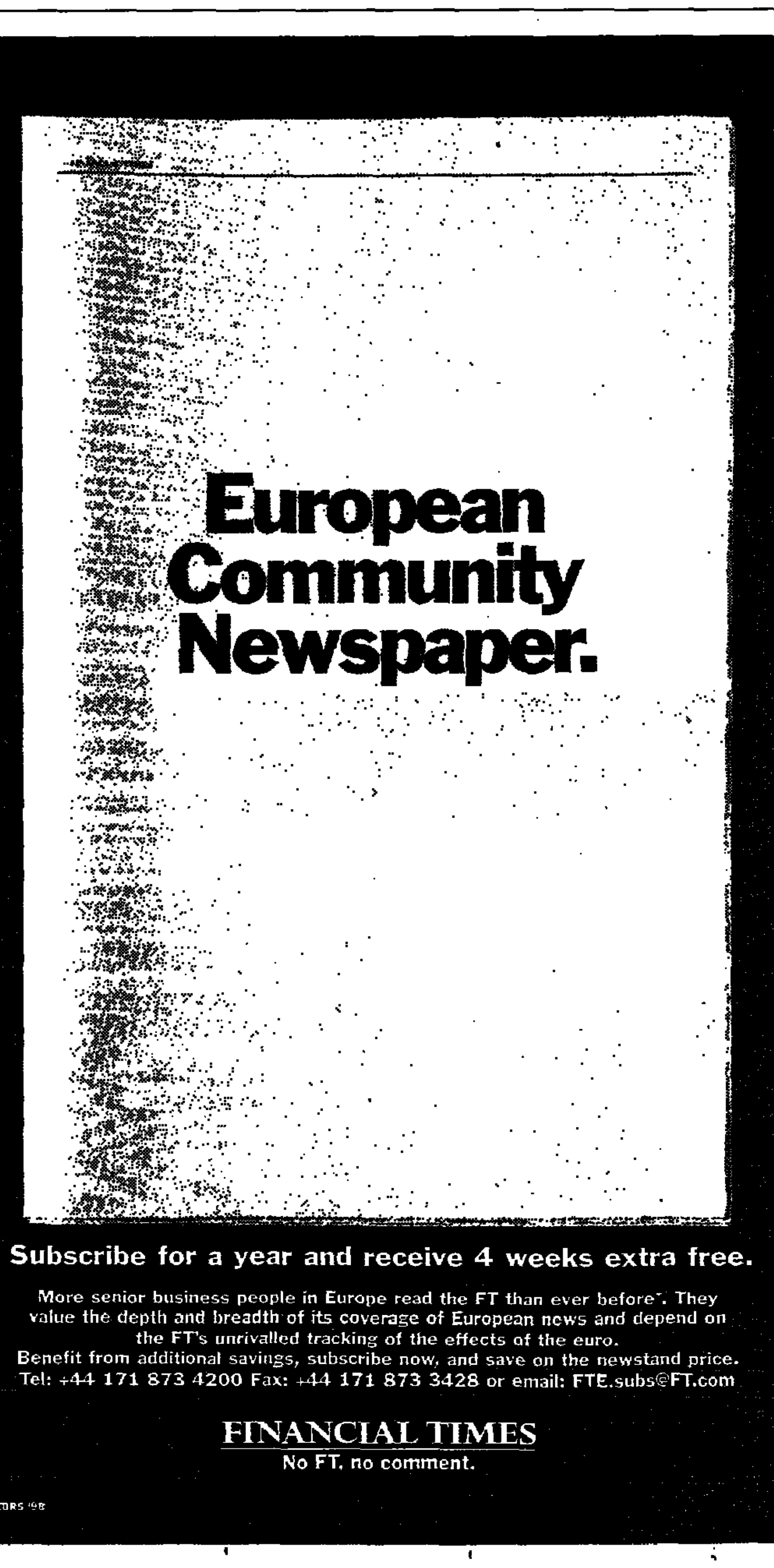
	Mar 4	Mar 3	Mar 2	Mar 1	Feb 26	Yr ago
SEAQ bargains	77,806	75,015	74,655	80,169	83,237	n/a
Equity turnover (£m)†	-	3909.0	3859.7	3278.1	4248.0	n/a
Equity bargains†	-	61,523	63,788	67,571	69,551	n/a
Shares traded (m)†	-	982.7	987.3	810.9	961.8	n/a
Total market bargains‡	-	-	75,320	81,132	87,152	-
Total turnover (£m)‡	-	-	4941.6	4263.2	5604.6	-
Total shrs traded (m)‡	1139.7*	-	1219.5	1002.8	1223.9	-
Tradepoint turnover (£m)	22.4	20.9	31.6	16.5	26.6	46.4
Tradepoint shrs traded(m)	10.4	9.9	14.0	7.2	10.8	8.4

†Excluding intra-market and overseas turnover but including Crest turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	786	Total Highs	45	Total contracts	43,215
Total Falls	581	Total Lows	36	Calls	29,102
Same	1,488			Puts	14,113

Mar 4 *Data based on Equity shares listed on the London Share Service.



FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	6040.0	6100.0	+57.0	6126.0	6012.0	41745	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep		[illegible]	[illegible]			0	[illegible]

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ FTSE 100 INDEX OPTION (LIFFE) (*6101) £10 per full index point

[illegible]

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt cap (£m)	1998/9 High	1998/9 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	-	102½	101½	Acorn Income Fd	101½		-	-	-	-
-	F.P.	15.0	100	90	Close Bros Dev VCT	100		-	-	-	-
-	F.P.	60.3	103½	99¾	Enhanced Zero Tst	100½		-	-	-	-
•	F.P.	38.2	7½	7	Gander Properties	7¼		-	-	-	-
§	F.P.	47.2	100½	94¼	Jupiter Enhanced	99		-	-	-	-
§	F.P.	47.9	110	103½	Du Zero Div Pf	108	+½	-	-	-	-
-	F.P.	-	360	255	Luminar Warrants	320	−10	-	-	-	-
-	F.P.	5.90	110½	107½	†NBA Quantum	110		W-	-	-	11.2
-	F.P.	-	460	433	Sth African Brew	456	+16	-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1998/99 High	1998/99 Low	Stock	Closing price p	+or-
10	Nil	16/3	1¾pm	1¼pm	Brancote	1½pm	
15	Nil	25/3	2pm	2pm	Oxford Biomedica	2pm	
78	Nil	10/3	25pm	17½pm	Peptide Therapics	17½pm	−3½

pm premium.

FTSE GOLD MINES INDEX

	Mar 3	% chg on day	Mar 2	Year ago	Gross div yield %	Total return	52 week High	52 week Low
Gold Mines Index (29)	888.95	0.9	881.40	1073.97	2.65	895.82	1351.57	701.58
■ Regional Indices								
Africa (9)	994.07	2.8	967.17	1090.82	4.13	1009.77	1486.04	785.83
Australasia (9)	1059.76	0.0	1059.70	1339.61	2.83	1071.84	1600.53	815.93
Americas (11)	828.24	0.2	826.81	1044.48	0.68	830.96	1317.41	647.59

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	£ Stlg Mar 4	Day's chge%	Euro Index	£ Stlg Mar 3	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	6101.4	+0.9	7056.9	6048.3	5695.6	2.60	2.32	1.95	24.58	25.88	2712.89
FTSE 250	5314.8	+0.5	6147.0	5286.9	5227.8	3.14	2.76	2.05	19.43	12.89	2317.95
FTSE 250 ex Inv Tr	5354.7	+0.6	6193.2	5324.1	5268.5	3.26	2.87	2.12	16.07	12.80	2345.62

[illegible]

■ *FTSE* Actuaries Industry Sectors

[illegible]

■ Hourly movements

[illegible]

TRADING VOLUME

■ Major Stocks yesterday.

	Vol 000's	Closing price	Day's change
3i	1,162	803½	−2½
AMVESCAP	1,501	504½	
ASDA Group	8,629	148	−¾
Abbey National	6,050	1228	+2
Alliance & Leicester	2,052	800½	+15½
Allied Domecq	3,874	495	+5½

[illegible]

FTSE INTERNATIONAL

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE (EMU) Prices in €

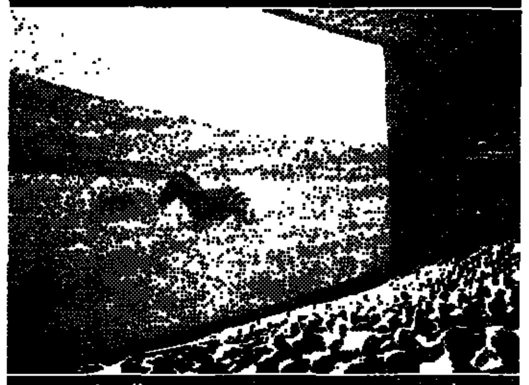
EUROPE (NON-EMU)

PACIFIC

AFRICA

AMERICAS

Rockwell



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FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 3 1999 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	Euro Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 2 1999 US Dollar Index	Pound Sterling Index	Yen Index	Euro Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (75)	206.09	0.4	188.88	158.05	217.38	219.48	-0.2	3.36	205.27	188.35	156.08	216.31	219.87	219.96	163.86	212.25
Austria (21)	178.20	-0.4	163.32	136.66	165.85	165.85	-0.3	2.01	178.96	164.21	136.07	166.40	166.40	253.73	165.27	209.90
Belgium (22)	375.33	-0.4	344.00	287.84	342.02	342.02	-0.3	1.97	376.93	345.86	286.59	343.14	343.14	446.95	279.30	285.68
Brazil (29)	94.18	-1.4	86.32	72.23	99.34	378.77	0.2	6.13	95.56	87.68	72.65	100.69	378.16	269.34	89.32	244.30
Canada (113)	192.52	-1.3	176.45	147.65	203.07	212.99	-0.9	1.87	195.09	179.01	148.33	205.57	214.87	248.78	159.94	228.43
Denmark (34)	437.68	-0.1	401.14	335.66	461.65	405.46	0.0	1.74	438.10	401.98	333.10	461.64	405.32	537.33	420.12	466.89
Finland (29)	610.42	1.1	559.47	468.13	697.70	697.70	1.2	1.61	603.95	554.17	459.21	689.63	689.63	661.25	338.49	354.54
France (74)	305.64	-0.9	280.13	234.40	288.07	288.07	-0.8	2.14	308.54	283.10	234.59	290.52	290.52	354.45	253.86	287.44
Germany (55)	243.40	-2.0	223.09	186.67	226.71	226.71	-1.9	1.71	248.29	227.82	188.78	231.03	231.03	325.61	226.35	255.84
Greece (36)	399.95	0.4	366.57	306.73	421.86	844.70	0.5	1.01	398.30	365.47	302.84	419.71	840.84	429.65	211.47	-
Hong Kong, China (66)	286.06	0.0	262.18	219.38	301.73	284.58	0.0	4.28	286.16	262.57	217.58	301.54	284.65	362.52	196.64	358.98
Indonesia (24)	47.85	-0.7	43.86	36.70	50.47	260.23	-0.7	1.18	48.17	44.20	36.63	50.76	261.99	64.52	19.04	55.24
Ireland (14)	531.29	0.4	486.95	407.45	540.06	540.06	0.5	1.86	529.09	485.48	402.29	537.29	537.29	605.85	398.15	494.94
Italy (53)	160.43	-1.6	147.04	123.03	212.50	212.50	-1.7	1.53	163.43	149.96	124.26	216.27	216.27	192.64	128.68	141.19
Japan (445)	94.44	-0.1	86.56	72.43	99.62	72.43	0.8	1.03	94.53	86.73	71.87	99.61	71.87	106.99	76.83	106.99
Mexico (29)	1196.72	-1.3	1096.83	917.77	1262.28	13043.71	-1.2	1.96	1212.50	1112.55	921.90	1277.67	13201.14	1733.73	787.15	1612.19
Netherlands (26)	472.16	-1.3	432.75	362.10	435.00	435.00	-1.2	2.20	478.28	438.86	363.66	440.22	440.22	562.73	394.92	464.61
New Zealand (18)	63.52	0.3	58.22	48.71	67.00	63.69	0.0	4.43	63.34	58.12	48.16	66.74	63.67	77.84	45.68	77.66
Norway (37)	225.69	1.6	206.85	173.09	238.06	242.88	1.6	2.05	222.17	203.85	168.92	234.11	238.78	357.71	181.86	314.80
Philippines (22)	88.21	1.8	80.85	67.65	93.04	171.88	2.1	0.95	86.65	79.51	65.89	91.31	168.42	106.98	42.48	97.42
Portugal (18)	239.77	-0.8	219.75	183.88	301.38	301.38	-0.6	1.09	241.58	221.67	183.68	303.36	303.36	299.39	194.13	-
Singapore (40)	203.01	-0.6	186.07	155.69	214.14	162.32	-0.5	1.69	204.14	187.31	155.22	215.11	163.08	246.74	102.45	222.34
South Africa (35)	195.38	2.1	179.07	149.84	206.09	266.48	2.0	3.57	191.34	175.57	145.48	201.63	261.18	346.20	151.55	285.48
Spain (30)	369.26	-1.1	338.44	283.19	426.36	426.36	-1.0	1.62	373.24	342.47	283.79	430.52	430.52	435.19	290.81	340.63
Sweden (43)	508.34	-0.3	465.91	389.85	536.19	619.79	-0.3	1.99	509.83	467.90	387.72	537.34	621.54	628.19	379.18	525.59
Switzerland (30)	388.07	0.4	353.65	296.08	407.22	348.33	0.2	1.23	384.63	352.92	292.45	405.30	347.62	441.65	307.73	391.25
Thailand (31)	21.61	-0.2	19.81	16.57	22.79	31.54	-0.1	2.86	21.66	19.88	16.47	22.83	31.56	33.84	8.15	33.59
United Kingdom (201)	380.78	-0.1	349.00	292.02	401.64	349.00	-0.2	2.76	381.12	349.70	289.78	401.60	349.70	401.84	307.96	374.75
USA (612)	506.91	0.2	464.60	388.76	534.88	508.91	0.2	1.30	506.17	464.45	384.86	533.38	506.17	527.72	390.12	429.19
Americas (783)	448.84	0.1	411.37	344.22	473.43	381.44	0.1	1.34	448.46	411.49	340.98	472.56	381.04	467.90	347.59	389.02
Europe (723)	341.76	-0.6	313.23	262.10	360.48	325.69	-0.6	2.11	343.91	315.56	261.48	362.39	327.75	386.24	282.63	328.61
Eurobloc (342)	96.04	-1.2	88.03	73.66	96.82	96.82	-1.2	1.86	97.36	89.24	73.95	97.95	97.95	113.92	81.53	-
Nordic (143)	488.39	0.2	447.63	374.55	515.15	513.50	0.3	1.85	487.33	447.15	370.53	513.52	512.05	555.97	360.04	459.82
Pacific Basin (721)	102.53	0.0	93.97	78.63	108.14	80.88	0.6	1.57	102.56	94.11	77.98	108.08	80.40	117.11	82.68	117.11
Euro-Pacific (1444)	201.97	-0.5	185.12	154.90	213.04	172.83	-0.3	1.95	202.90	186.17	154.27	213.81	173.32	221.79	166.00	205.32
North America (725)	485.48	0.1	444.96	372.32	512.08	486.57	0.1	1.32	485.01	445.03	368.77	511.08	486.03	508.43	374.92	416.46
Europe Ex. UK (522)	311.77	-0.9	285.74	239.10	328.85	304.76	-0.8	1.77	314.61	288.68	239.21	331.52	307.38	366.32	260.93	296.19
Europe Ex. Eurobloc (381)	96.07	0.0	88.06	73.68	101.34	98.12	-0.1	2.35	96.07	88.15	73.04	101.23	98.21	103.93	77.40	-
Europe Ex. UK Ex. Eurobloc (180)	94.06	0.2	86.21	72.14	99.21	94.50	0.1	1.46	93.86	86.12	71.36	98.90	94.38	109.21	75.16	-
Pacific Ex. Japan (276)	178.75	0.2	163.83	137.09	188.55	184.11	-0.1	3.56	178.48	163.78	135.70	188.07	184.30	216.04	128.26	210.45
World Ex. Eurobloc (1920)	103.62	0.1	94.97	79.47	109.30	103.38	0.2	1.57	103.56	95.02	78.74	109.12	103.23	108.05	83.09	-
World Ex. US (1650)	201.14	-0.5	184.35	154.26	212.16	177.57	-0.3	1.98	202.11	185.45	153.67	212.98	178.09	221.91	165.95	208.59
World Ex. UK (2061)	291.92	-0.2	267.55	223.87	307.91	265.26	0.0	1.49	292.35	268.25	222.28	308.07	265.35	311.48	236.11	270.61
World Ex. Japan (1817)	401.49	-0.2	367.98	307.90	423.48	397.52	-0.1	1.68	402.08	368.94	305.72	423.69	398.09	427.99	320.58	365.72
The World Index (2262)	299.56	-0.1	274.55	229.73	315.97	272.90	0.0	1.61	299.98	275.26	228.09	316.11	273.06	318.51	242.36	279.41

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Emerging markets: IFC investable indices

4 pm close March 4

NEW YORK STOCK EXCHANGE PRICES

- A -

1998/99 High	Low	Stock	Div	Yld %	P/E	Vol 100s	High	Low	Close Quote	Chng Prev. Close
32⅞	14¼	AAR x	0.34	2.1	11	1479	16⅞	16	16⅛	+⅛
53⅞	28¼	AMP	1.08	2.0		6881	53⅜	53⅛	53⅞	
89⅞	45⅞	AMR			8	13841	59	56⅞	57⅛	-⅞
28⅝	13⅝	ASA	0.60	3.6	11	235	16⅝	16½	16⅞	+⅛
60⅞	32½	AbbtL	0.60	1.2	34	35204	49½	48⅞	49⅛	+1⅛
16⅞	7⅝	AberBd	0.40	5.1	4	92	7⅞	7⅝	7⅞	+⅛
37	25	ABM Ind	0.58	1.9	18	88	28⅞	28⅛	28⅞	+⅛
25⅛	18	Acptance			8	289	18⅞	18⅛	18⅞	+⅛
43	24⅝	ACE Ltd	0.36	1.2	8	11680	30⅞	28⅞	30⅛	+1⅝
11½	7⅝	ACM Gvt In x	0.90	10.3	9	162	8⅝	8⅛	8⅛	-⅛
8⅞	7⅞	ACM GvOpp x	0.63	8.5		61	7⅞	d7⅝	7⅞	+⅛
10⅞	7⅝	ACM Mun x	1.02	11.5		171	8⅝	8⅞	8⅝	+⅛
6⅞	3⅞	Acme Elect			8	17	4⅞	4⅞	4⅞	-⅛
10⅝	⅛	Acme Mtls				20	⅞	⅞	⅞	
28⅝	19⅛	ACNielsen			27	1229	24⅞	23⅞	24⅞	-⅛
28⅞	12⅝	Acxiom			21	504	15⅝	14⅝	15⅝	
28⅛	21⅞	Adams Expr	0.55	2.1	1	195	26⅝	26⅛	26½	+⅛
39	12⅛	AdelMc				7380	18⅝	18	18⅛	+⅛
33⅛	14⅛	Advest Grp	0.16	0.8	8	150	20	19⅞	19⅞	
33⅝	18⅝	Advo Inc			11	383	18⅞	18½	18⅛	-⅞
130⅛	44⅞	Aegon	0.76	0.8	46	731	100⅛	98⅞	100⅛	-1⅞
19⅛	8½	Aeroflex				1415	14⅞	14⅛	14½	+½
72⅛	22	Aero-V x	0.88	1.5	15	904	57⅞	57⅛	57⅞	
58	23	AES Corp			21	2272	38	37	37⅛	+⅞
91⅞	60⅞	Aetna	0.80	1.0	14	3885	77⅞	76⅛	77⅛	-⅞
51⅛	22⅛	AffCom			29	1861	47⅞	46⅝	46⅛	-⅞
50½	22⅞	Aflac	0.28	0.5	26	6330	47⅞	47⅛	47½	-⅛
38⅝	5⅛	AGCO	0.04	0.6	6	2763	6½	6⅛	6½	+⅛
23⅝	17⅞	AGL Res	1.08	5.6	15	495	19⅛	18⅞	19⅛	+⅛
49⅝	29	AirPrC	0.68	2.1	13	7082	32⅛	31⅛	32	+⅞
42⅝	14⅛	Airbn Frt	0.16	0.4	13	2872	37⅞	36½	36⅞	+⅞
18⅞	8	Airgas			22	738	8½	8⅛	8½	+⅛
14½	12⅞	Airlease	1.64	13.1	11	89	12⅝	12⅛	12½	+⅛
98⅝	49⅞	AirTch				17121	90	87⅝	89⅛	+1⅛
24⅛	13⅝	AK Steel x	0.50	2.4	10	2910	21⅛	20⅞	20⅛	-⅞
82⅞	28	Alaska Air			9	1587	52⅞	51½	52⅛	-⅞
30⅞	16⅞	Albany Int			19	44	20⅞	20⅛	20⅞	+⅞
26⅞	18⅛	Albemarle	0.40	1.8	15	839	24⅞	23⅛	24⅝	+⅛
32⅞	19⅛	AlbCulB	0.28	1.1	16	323	24	23⅞	23½	+⅛
28½	18	AlbCulA	0.24	1.1	14	1162	21⅞	21⅝	21⅛	-⅛
67	44	Albtsn	0.72	1.3	24	7961	56	54⅝	55⅝	+⅞
34½	18⅞	AlcnAl x	0.60	2.5	13	9250	23⅝	23	23⅝	+½
34⅞	28⅝	AlegE	1.72	5.5	14	4824	31⅛	30⅛	31⅞	+1⅛

- B -

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- D -

- E -

- F -

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- H -

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- T -

- U -

- V -

- W -

- X - Y - Z -

1998/99 High	Low	Stock	Div	Yld %	P/E	Vol 100s	High	Low	Close Quote	Chng Prev. Close
83⅞	58⅞	XI CapA	1.76	2.9	9	1870	62⅛	61⅛	61⅞	+⅛
66⅛	37½	Xtra Corp			9	375	39⅛	38⅛	38⅞	-⅞
31⅞	22½	Yankee Egy x	1.38	5.6	22	104	24⅞	24⅛	24⅞	
52⅛	27½	York Int	0.48	1.3	11	678	37⅞	36½	37⅛	+⅞
24⅞	6⅛	Zapata			3	131	9⅛	9	9⅛	-⅞
50	31	Zeneca	0.80	2.0	31	1185	39⅞	39⅛	39⅛	-⅞
30½	20⅞	Zenith Nat	1.00	3.8	20	129	26	25⅛	26	+⅞
8⅞	5⅞	Zweig Inc	0.67	11.3		27	6	5⅞	6⅞	-⅞
14⅞	8⅞	ZweigFoS	1.08	10.5		407	10⅞	10⅛	10⅞	+⅛
9⅞	8⅛	Zweig Tot	0.84	10.1		657	8⅛	8⅛	8⅞	+⅛

Price data supplied by Financial Times Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1998. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Volume figures are unofficial.

d-new yearly low. P/E price-earnings ratio. vol- volume. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended.

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IN.SECTS (Pan European Sector Indices from EuroBench®)

The IN.SECTS - pan European equity sector indices from EuroBench® - contain only those liquid stocks that show strong sectoral behaviour in their price-movements. Therefore, the indices really represent the core sector trend. Using the correlation of each constituent with the sector trend to weight the constituents, an even weighting is achieved ensuring maximal diversification while offering the best sector tracking available. (Values preceded with IK = indicative).

Sector			SETT 04-03-1999	Close 04-03-1999	Previous 03-03-1999	Change on day	% Change	52 WKS HIGH	52 WKS LOW
[illegible]	(Cosmetic EUR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Cosmetic USD)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Consumer goods EUR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Consumer goods USD)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.32	[illegible]	[illegible]
[illegible]	(Oil EUR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+2.74	[illegible]	[illegible]
[illegible]	(Oil USD)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Pharma-Chemicals EUR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Pharma-chemicals USD)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Telecoms EUR)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	(Telecoms USD)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EuroBench is an independent index provider based in Brussels. Full information on the IN.SECTS and EuroBench is available on WWW.EURO-INSECTS.COM and WWW.EUROBENCH.COM. A free daily Email service can be subscribed to. For hard copy information and professional and private investor brochures call + 32 2 509 9460 or fax + 32 2 509 1389

GLOBAL EQUITY MARKETS

US INDICES

Dow Jones	Mar 3	Mar 2	Mar 1	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
Industrials	9275.88	9297.61	9324.78	9643.32 (8/1/99)	7539.07 (31/8/98)	9643.32 (8/1/99)	41.22 (8/7/32)
Home Bonds	104.34	104.30	104.41	107.17 (9/12/98)	104.13 (25/2/99)	107.17 (9/12/98)	54.99 (1/10/81)
Transport	3248.69	3279.06	3225.86	3686.02 (16/4/98)	2345.00 (8/10/98)	3686.02 (16/4/98)	13.23 (8/7/32)
Utilities	292.97	290.72	291.02	320.51 (8/10/98)	282.66 (8/1/98)	320.51 (8/10/98)	10.53 (8/7/32)

DJ Ind. Day's high 9387.00(9404.57) Low 9165.41 (9216.66) (Theoretical♦)
Day's high 9337.00(9421.22) Low 9211.23 (9268.00) (Actual♦)

Standard and Poors	Mar 3	Mar 2	Mar 1	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
Composite‡	1227.70	1225.50	1236.16	1279.64 (29/1/99)	927.69 (8/1/98)	1279.64 (29/1/99)	4.40 (1/6/32)
Industrials♥	1471.29	1466.88	1482.31	1551.85 (29/1/99)	1077.40 (9/1/98)	1551.85 (29/1/99)	3.52 (30/6/32)
Financial♥	134.82	135.25	135.65	147.89 (14/7/98)	95.80 (8/10/98)	147.89 (14/7/98)	7.13 (4/9/74)
Others							
NYSE Comp.	582.55	582.94	585.43	611.06 (8/1/99)	477.20 (8/10/98)	611.86 (8/1/99)	4.64 (25/4/42)
Amex Comp	694.45	699.21	698.29	753.87 (22/4/98)	563.75 (8/10/98)	753.67 (22/4/98)	524.20 (16/7/96)
NASDAQ Cmp	2265.20	2259.03	2295.18	2510.09 (1/2/99)	1419.12 (8/10/98)	2510.09 (1/2/99)	54.87 (3/10/74)
Russell 2000	391.95	394.43	394.39	491.41 (21/4/98)	310.28 (8/10/98)	491.41 (21/4/98)	123.36 (7/13/93)

■ RATIOS

	Feb 26	Feb 19	Feb 12	Year ago
Dow Jones Ind. Div. Yield	1.67	1.66	1.66	1.63
	Mar 3	Feb 24	Feb 17	Year ago
S & P Ind. Div. yield	1.17	1.14	1.19	1.39
S & P Ind. P/E ratio	38.32	38.67	37.72	28.76

US DATA

■ MARKET ACTIVITY

● Volume (million)	Mar 3	Mar 2	Mar 1
NYSE	751.720	763.670	699.570
Amex	20.410	24.029	18.469
NASDAQ	869.095	898.081	774.001

NYSE	Mar 3	Mar 2	Mar 1
Issues Traded	3,527	3,524	3,542
Rises	1,306	1,410	1,389
Falls	1,640	1,537	1,571
Unchanged	581	537	554
New Highs	27	30	21
New Lows	97	85	107

■ NYSE TRADING ACTIVITY
Volume : 751,720,000

■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Compaq	25,504,500	33⅞	+1⅞
AmOnLne	10,072,300	85⅞	+¾
AT&T	7,477,400	83⅛	+1⅛
Ctgrp	6,382,000	57¾	−1⅛
LucentTch	6,304,300	102⅞	+2¾
ForBrd	6,009,800	30⅛	−⅛
Exxon	5,403,200	65⅞	+⅞
Mrsnto	5,189,000	46¾	+2¼
MicrnTech	5,089,700	52⅛	−2⅛
BankAm	5,013,800	66⅝	−1

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
EngyVntrs	19½	+2¼	+13.0
Pogo Prod	10¾	+1	+10.7
Repub Ing	13⅞	+1⅛	+9.4
BakerH	19¾	+1½	+7.9
Downs			
Pall	15½	−4⅝	−22.6
Maxxim	16⅞	−3⅞	−17.9
CabotC	22	−2⅞	−11.6
PaylessSh	50¾	−4¾	−8.6

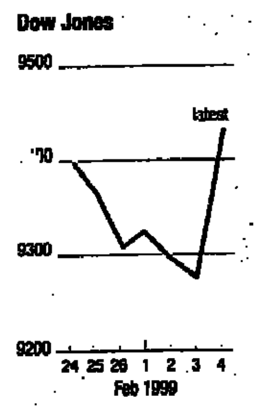
■ NASDAQ TRADING ACTIVITY
Volume :869,095,000

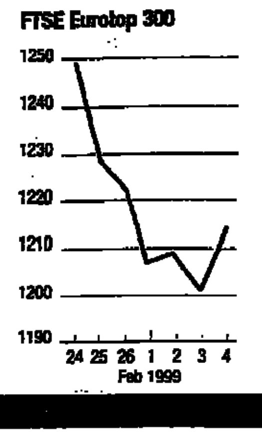
■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
3Com	61,090,800	24⅛	−2⅛
Intel	33,787,900	114⅞	+4⅞
DellCmp	21,383,000	80⅞	+2¾
Micsft	19,100,600	149¾	+1⅛
CiscoSys	17,567,500	95¾	−⅜
Oracle	18,814,800	35	−⅜
MCIWlcm	11,354,500	81⅛	+⅜
Novell	10,148,600	20	+¾
AppMat	7,861,000	58¾	+⅞
Amz.com	7,738,500	123½	+2⅛

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
Alpha Ind	18¾	+4	+28.1
ConcMn	14⅞	+3⅛	+28.3
Pool Energ	10⅞	+1¼	+13.1
Cnrl Spr	11⅞	+1¼	+11.8
Downs			
IntgrCirSy	13⅞	−3	−17.8
AmPwCv	29⅛	−5¾	−16.1
SovSysADR	16⅞	−2⅛	−12.8
MetamorNw	16⅞	−2⅛	−10.9





JAPAN

	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
Nikkei 225	14183.45	14170.35	13921.06	17264.3	12880	38915.9	85.25

Day's high 14224.73. Day's low 14121.02.

■ TOKYO TRADING ACTIVITY
Volume : 390,330,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
NpStl	11,650,000	213	
Toshiba	11,218,000	722	+33
NissMt	8,637,000	475	−5
KawStl	5,737,000	180	+10
BTokMi	5,225,000	1353	−7
SmraBk	5,138,000	1118	−21
Sakura	4,793,000	250	−3
NKK	4,587,000	65	−7
Nomura	4,467,000	940	+10
Hitachi	4,072,000	740	+9

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
SonyME	7300	+710	+10.8
SeibuR	2390	+210	+9.6
KawStl	180	+10	+5.9
HinoMt	420	+23	+5.8
Downs			
TokCar	74	−5	−6.3
ItoFds	465	−31	−6.2
DtTstC	1014	−64	−5.9
Tsgami	155	−9	−5.5

GERMANY

	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
DAX	4678.72	4697.67	4804.02	6171.43	3896.08	6171.43	931.18

Day's high 4705.65 Day's low 4605.27.

■ FRANKFURT TRADING ACTIVITY
Volume : (u)

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Bayer	360,746	31.7	+0.1
Siemns	353,843	56.7	+3.25
DmlrCh	344,624	80.7	−0.1
BASF	326,469	30.9	−0.2
Dt Tel	317,625	39.8	−1.7
Cmrzbk	315,989	24.3	+0.1
Lufthn	297,473	19.5	−0.3
Dt Bk	214,763	46.3	
BHF Bk	158,696	32	−1.5
H'chst	154,271	37.85	−0.55

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
BrauBo	62	+4.85	+8.7
BerlKr	20.7	+1.3	+6.7
Siemns	58.7	+3.25	+6.1
DyktfP	250	+10	+4.2
Downs			
AshlnRg	109	−9.5	−8.0
AachMunBr	92	−6.5	−6.6
KlbnPr	16.6	−1.1	−6.2
Kleiri	27	−1.5	−5.3

FRANCE

	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
CAC 40	4087.99	4004.16	4048.63	4388.48	2882.54	4388.48	984.81

Day's high 4098.37 Day's low 4015.58.

■ PARIS TRADING ACTIVITY
Volume : 869,122,729

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Renault	1,871,551	35.96	−0.34
FrTele	1,816,714	82	+1.85
Alctel	1,758,009	113.9	+4.8
BNP	1,734,500	78.9	+4.05
CCF	1,612,641	83.4	+2.25
TotalB	1,324,393	101.3	+4.75
EfAqu	1,302,505	105.7	+5.2
Schndr	792,880	49	+0.89
SocGen	736,633	138.3	+3.2
Usinor	712,681	10.64	−0.32

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
STMicro	80.8	+6.6	+8.9
ThmCSF	27.99	+1.58	+6.0
ChDior	106.5	+6	+6.0
BNP	78.9	+4.05	+5.3
Downs			
Canal+	272.5	−13.3	−4.7
SodxAl	144.2	−5.8	−3.9
Atos	185	−7.1	−3.7
Legrnd	175.7	−6.3	−3.5

UK

	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Since compilation High	Since compilation Low
FTSE 100	6101.4	6048.3	6061.3	6307.6	4648.7	6307.6	986.9

Day's high 6117.9. Day's low 6021.4.

■ LONDON TRADING ACTIVITY
Volume : 1,139,200,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Shell	49,329,290	349½	+18¾
BTR Siebe	36,244,950	270	+5
BP Amoco	25,896,210	902	+45
Diageo	23,544,720	730½	+7
Tadpole Tech	20,653,030	13¾	+4
BG	18,811,050	350½	+3¾
Premier OII	18,560,430	11¾	+1¼
GEC	14,818,190	571	+6
Centrica	14,064,710	118	+1
Argis	13,868,640	130½	+1¼

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Tadpole Tech	13¾	+4	+41
Recognm Sys	17½	+3	+20.7
Lorien	219	+35	+19
Beale	118½	+18½	+18.5
Hewtal Wrtng	31	+4½	+17
Albright&Wlsn	109	+14	+14.7
Downs			
GEI Int	40½	−6	−12.9
Computerland	89	−11½	−11.4

INDEX FUTURES

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	1233.00	1242.50	+8.50	1243.00	1232.00	131,687	321,265
Jun	1249.00	1254.00	+8.10	1254.80	1247.50	25,460	88,193
■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	14220.0	14200.0	+40.0	14240.0	14110.0	19,812	152,329
Jun	14140.0	14110.0	−10.0	14170.0	14030.0	3,866	86,456

■ CAC-40 (200 x index)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	4010.0	4110.0	+109.0	4111.0	4004.5	58,348	142,044
Jun	4037.5	4111.0	+108.5	4081.5	4037.5	59	2,688
■ DAX							
Mar	4712.5	4714.0	+47.5	4729.5	4604.0	82,191	230,955
Jun	4742.0	4738.0	+45.5	4752.0	4630.0	5,549	113,856

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	723.00	720.75	+1.75	724.50	715.00	17,948	122,997
Apr	718.75	715.75	−8.00	718.75	714.00	116	419
■ EUREX							
Mar	7005.0	7116.0	+136.0	7128.0	7005.0	25,136	130,261
Jun	6955.0	7057.0	+110.0	7040.0	6955.0	3,808	6,852

Open interest figures for previous day.

WORLD MARKETS AT A GLANCE

Country	Index	Mar 4	Mar 3	Mar 2	1998/99 High	1998/99 Low	Yield	P/E
Argentina	General	16285.25	16133.53	16234.65	23485.50 23/3/98	12303.10 10/9/98	4.23	12.7
Australia	All Ordinaries	2885.3	2889.9	2892.8	2940.50 4/2/99	2459.20 1/9/98	2.93	23.1
	All Mining	562.7	562.7	569.4	713.19 23/4/98	499.80 31/8/98		
Drifted lower with weak local dollar and bonds. Falls beat rises by 3 to 2 and turnover was dull.								
Austria	ATX Index	1146.06	1152.07	1158.16	1628.56 26/5/98	982.08 1/10/98	2.01	12.4
Ended lower. Microchip maker ASM jumped 8.2 per cent.								
Belgium	BEL20	3282.98	3294.41	3304.33	3681.82 6/1/99	2357.78 10/1/98	1.57	22.9
Pushed lower in moderate volumes. Electrabel shed 1.8 per cent.								
Brazil	Bovespa	9390.0	9155.0	9071.0	12298.00 15/4/98	4761.00 10/9/98	na	na
Racked up strong Wall Street-led gains in early trading.								
Canada	TSE 100♦	381.33	376.30	379.46	475.83 25/5/98	324.91 5/10/98	1.7	17.5
	Metals Mins♦	2954.35	2922.01	2948.11	4390.01 10/3/98	2500.10 31/8/98		
	TSE300Comp♦	6256.20	6180.30	6225.20	7822.30 22/4/98	5336.70 5/10/98		
	Portfolio§§	3336.10	3281.55	3317.02	3985.81 25/5/98	2719.24 5/10/98		
Tracked Wall Street higher in early trading.								
Chile	IGPA Gen♥	3890.02	3843.48	3807.73	4861.95 17/3/98	2980.95 14/9/98	3.3	12.4
China	Shanghai B	22.94	22.73	23.07	58.58 10/2/98	22.73 3/3/99	1.6	26.3
	Shenzhen B	45.22	45.46	46.16	98.97 10/2/98	44.73 4/2/99		
Hard currency shares in Shanghai lifted off record lows as selling pressures abated.								
Colombia	IBB	(u)	908.18	889.68	1431.46 7/1/98	776.17 14/10/98	na	na
Czech Republic	PX 50	347.8	346.8	338.9	517.30 23/3/98	316.00 8/10/98	na	na
Edged higher in broadly uncertain trading.								
Denmark	CopenhagenSE	598.99	603.28	599.77	778.84 7/4/98	566.95 9/10/98	1.71	19
Ended lower after a desultory session for bluechips.								
Egypt	Cairo SE Gen	440.06	441.92	442.64	447.82 1/2/99	345.40 2/2/98	na	na
Finland	Hex General	6126.24	6119.33	6055.26	6293.06 20/1/99	3228.43 12/1/98	1.73	22.8
Shares finished positive in spite of a dull session for market heavyweight Nokia.								
France	SBF 250	2583.20	2541.60	2561.97	2799.73 17/7/98	1873.10 12/1/98	2.25	20.5
	CAC 40	4087.99	4004.16	4048.63	4388.48 17/7/98	2882.54 12/1/98		
Rose strongly with banks and oils in demand. STMicroelectronics jumped 8.9 per cent.								
Germany	FAZ Aktien	1489.80	1532.46	1510.02	1940.80 20/7/98	1250.50 2/10/98	1.4	19.1
	DAX‡	4678.72	4697.67	4804.02	6171.43 20/7/98	3896.08 8/10/98		
Reversed early losses to end at best level of the day. Siemens jumped 6 per cent.								
Greece	Athens General	3232.02	3340.39	3318.02	3468.95 15/2/99	1380.13 29/1/98	1.47	26.2
	FTSE/ASE 20	1994.90	2063.48	2056.96	2183.48 15/2/99	755.18 29/1/98		
Fell steeply on political concerns with construction sector off 5.5 per cent.								
Hong Kong	Hang Seng	9912.76	9922.40	9913.58	11810.80 25/3/98	6660.42 13/8/98	3.89	13.9
	HSCC Red Chip	720.33	720.50	724.73	1775.69 27/2/98	576.07 1/9/98		
Eased back on thin volumes as investors digested the 1999/2000 budget which was released on Wednesday.								
Hungary	Bux	5253.03	5440.10	5529.29	8816.38 23/4/98	3775.02 21/9/98	na	na
Fell steeply after a number of scare stories about next week's trade figures hit sentiment.								
India	BSE Sens.	3801.96	3640.42	(c)	4280.96 21/4/98	2764.16 20/10/98	na	na
	S & P CNX 500	719.76	730.39	(c)	815.62 21/4/98	557.88 20/10/98		
Ended lower as rally driven by the weekend budget ran into profit-taking.								
Indonesia	Jakarta Comp.	394.15	395.80	394.96	554.10 2/2/98	256.83 21/9/98	2.49	17.2
Falls in Telkom and Gudang Garam pulled the index down. Elsewhere prices were mixed and volumes were thin.								
Ireland	ISEQ Overall	5303.58	5307.61	5283.48	5471.81 21/4/98	3745.11 8/10/98	1.88	19.3
Israel	Tel Aviv 100	321.17	316.34	(c)	337.43 8/6/98	248.19 8/10/98	na	na
Shares pushed higher for the third session running. Banks again led the way.								
Italy	BCI Comit 30	351.48	341.48	347.64	388.60 20/7/98	248.51 9/10/98	2.01	24.4
	Banca Com Ital	1484.58	1485.41	1489.3	1834.36 7/4/98	1083.50 9/10/98		
	Mibtel General	23923.0	23390.0	23745.0	28377.00 6/4/98	16761.00 9/10/98		
Given a lift in late trading by Wall Street with investor interest focusing on telecoms and banks.								
Japan	Nikkei 225	14183.45	14170.35	13921.05	17264.38 2/3/98	12880.00 9/10/98	0.97	51.7
	Nikkei 300	220.39	219.44	217.89	257.43 10/2/98	192.30 9/10/98		
	Topix	1105.11	1099.81	1092.08	1300.30 10/2/98	980.11 15/10/98		
	2nd Section	1326.39	1311.55	1307.24	1481.27 12/2/98	1028.84 13/10/98		
Unwinding of cross shareholdings ahead of March 31 year-end cancelled benefits of easier yen and falling interest rates.								
Jordan	Amman SE	182.07	182.28	183.12	184.52 17/8/98	159.46 18/11/98	na	na
Malaysia	KLSE Comp.	516.59	513.23	526.03	745.36 27/2/98	262.70 1/9/98	2.7	15.1
Telekom Malaysia rose 2 per cent ahead of reporting worse-than-expected fall in profits after the close.								
Mexico	IPC	4189.81	4127.38	4186.85	5284.88 2/1/98	2858.10 10/9/98	1.26	14.2
Surged strongly in early trading as investors took their cue from Wall Street.								
Morocco	CASA	828.47	(u)	829.62	893.98 1/9/98	688.57 21/1/98	na	na
Netherlands	CBS TtlRtnGen	1266.6	1267.8	1282.0	1493.00 20/7/98	974.90 8/10/98	2.18	28.2
	CBS All Shr	704.8	705.5	713.4	845.00 27/7/98	548.10 8/10/98		
Ended lower in spite of 5 per cent advance for market heavyweight, Royal Dutch.								
New Zealand	Cap. 40	2163.79	2157.77	2158.02	2350.02 20/3/98	1888.24 2/10/98	5.11	20.9
Telecom's 1.6 per cent gain lifted the index while Brierley eased after reporting interim losses within expectations.								
Nigeria	SE All-Share	5381.21	(u)	5367.58	6504.87 11/2/98	2236.40 12/1/98	na	na
Norway	Oslo SE Ind	1757.30	1763.25	1741.89	2370.88 4/5/98	1359.78 8/10/98	2.51	11
Pakistan	KSE-100	970.77	949.82	955.58	1748.31 2/1/98	765.73 14/7/98	na	na
Hub Power jumped 9 per cent amid reports, later denied, that company was in talks with government to resolve tariff row.								
Peru	Lima Gen	1428.26	1415.19	1407.53	1993.91 4/5/98	1158.58 21/9/98	na	na
Philippines	Manila Comp	1997.88	2008.92	1970.38	2311.42 25/3/98	1082.18 11/9/98	1.35	14.2
Drifted down as the peso tracked the yen lower. Volumes were very thin.								
Poland	Wig	13296.5	13391.0	13351.3	18582.70 11/3/98	10473.70 9/10/98	2.19	9.2
Ended lower with losers outpacing gainers 41 to 15.								
Portugal	BVL 30	4737.06	4791.52	4825.43	6178.89 22/4/98	3599.88 2/10/98	2.1	26.7
	PSI 20	10938.16	11059.48	11138.87	14289.08 22/4/98	8114.51 2/10/98		
Russia	RTS	70.92	73.33	76.06	411.81 5/1/98	38.53 5/10/98	na	na
Moved lower in minimal trading.								
Singapore	SES All-S'pore	386.93	384.95	384.51	437.98 19/3/98	253.20 4/9/98	2.23	21.5
	Straits Times	1433.41	1415.81	1418.61	1698.75 19/3/98	805.04 4/9/98		
Higher in thin volumes amid talk that a major bank might cut its prime rate. Properties jumped 2.9 per cent.								
Slovakia	Sax	81.40	81.40	86.19	182.48 5/1/98	81.40 3/3/99	na	na
South Africa	JSE All Share	6130.7♥	6087.5	5980.2	8358.70 20/4/98	4884.40 11/9/98		
	JSE Gold	934.3♥	915.9	890.7	1318.60 8/10/98	672.60 18/3/98		
	JSE Indl.	7011.0♥	6933.0	6827.2	8942.70 20/4/98	5246.90 11/9/98		
Hit fresh high for the year after another strong session for gold stocks.								
South Korea	KoreaCmpEx**	532.29	534.49	533.97	640.95 11/1/99	280.00 16/6/98	1.14	33.9
Blue chips slipped in response to the weak yen. However, retail demand was perky and rises beat falls by 12 to 5.								
Spain	Madrid SE	876.85	867.58	877.01	947.82 17/7/98	642.29 5/10/98	1.93	23.7
Late wave of buying sent shares strongly ahead at the close.								
Sri Lanka	CSE All Share	557.79	560.76	566.40	789.70 4/5/98	461.00 3/9/98	na	na
Easier amid uncertainty ahead of local elections on April 1.								
Sweden	AffarsvardsGen	3424.0	3417.7	3418.0	3855.60 20/7/98	2411.70 8/10/98	1.83	20.5
Ended higher following a 4.3 per cent advance by Volvo.								
Switzerland	SMI Index	7106.8	6986.1	6976.5	8412.00 21/7/98	5126.50 5/10/98	1.38	23.3
	SPI General	4495.50	4427.32	4419.41	5237.39 20/7/98	3311.26 5/10/98		
Pushed higher in late trading with drugs and banking bluechips leading the way forward.								
Taiwan	WeightedPr.**	6393.74	6403.14	6263.54	9277.09 2/3/98	5474.79 5/2/99	1.61	19.3
Late selling drove shares lower, having reached intraday high of 6,488. Turnover was an active T$100bn.								
Thailand	Bangkok SET	337.14	341.51	338.92	558.92 3/2/98	207.31 4/9/98	1.97	12.4
Falls in banks and financial sectors pulled the main index lower. Turnover was light at Bt2bn.								
Turkey	IMKB Nat 100	3787.69	3916.41	3817.47	4530.89 16/7/98	1852.28 8/10/98	2.82	16.7
Fell steeply on profit-taking in spite of positive inflation data.								
Venezuela	IBC	3719.43	3736.23	3787.62	7856.92 23/3/98	2894.70 10/9/98	na	na
Zimbabwe	ZSE Industrial	7638.76	7628.19	7585.08	8785.71 31/3/98	5441.85 1/9/98	na	na
WORLD	FT/S&P World($)	(u)	299.58	(u)	318.51 6/1/99	242.38 5/10/98	na	na
	MS Capital Intl$	1128.6*	1124.0*	1126.6	1195.50 6/1/99	888.50 12/1/98	na	na
CROSS-BORDER	DJ Stoxx 50	3441.05	3396.27	3430.42	3670.82 20/7/98	2433.07 8/10/98		
	DJ Euro Stx 50	3434.49	3393.95	3451.18	3685.36 6/1/99	2419.23 8/10/98		
	FTSE E300	1214.56	1201.29	1209.25	1327.88 20/7/98	893.55 5/10/98		
	FTSE E100	2793.53	2758.09	2775.95	3066.91 20/7/98	2049.91 8/10/98	na	na
	HSBC Dvgn	(u)	214.85	214.94	273.91 26/3/98	161.71 5/10/98	na	na
	ING Brngs Emrg	112.13	112.63	112.72	123.12 7/1/99	86.64 11/9/98	na	na

** Sat Feb 27: Taiwan Weighted Price (s). §§ Montreal. ♦ Toronto (c) Closed. (u) Unavailable. ‡ XETRA-DAX after-hours index: Mar 4 - 4722.89 +54.17. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation. ⚘ Yields and P/E ratios are based on Datastream Total Market Indices. ⚘ Midsession.

THE NASDAQ-AMEX MARKET GROUP

4 pm close March 4

AMEX

4 pm close March 4

EASDAQ

STOCK MARKETS

IBM deal wakes sleepy European bourses

WORLD OVERVIEW

News of IBM's $16bn deal to supply a range of components to Dell Computer lit *the fuse for a sharp early* advance on Wall Street, *writes Michael Morgan.*

It also shook many European markets from their recent torpor. Paris and Milan led the way up, both registering rises of more than 2 per cent. Zurich and Frankfurt also overcame early weakness to end respectably in positive territory.

At one stage, the Xetra Dax index fell to its lowest level since mid-December as investors demonstrated their *disenchantment with the* government's record.

Critics pointed to recent wage strife, the government's tax reform plans and finance minister Oskar Lafontaine's flirtation with the former communists as causes for concern.

Leading Asian markets failed to provide much inspiration. Hong Kong was flat for a second day as the market decided that Wednesday's mildly stimulative budget had done little to address *the challenges confronting* the territory.

But for Europe, the day's most pressing issue was the policy-setting meeting of the European Central Bank in Frankfurt.

The gathering came on the *day that the euro fell* to another all-time low against the dollar as German GDP figures reinforced the perception of weak European growth.

Yesterday's slide left the euro almost 10 per cent *below its record high against* the dollar reached on the first day of trading.

Few observers really expected any move on interest rates from the current 3 per cent and the ECB duly confirmed expectations.

Markets have also been bracing themselves all week for today's US non-farm payroll data. Any sign of an overheating economy would strengthen the case for a rise in short-term rates when the Federal Reserve meets on *March 30.*

Ian Harnett at BT Alex Brown noted that the so-called europhoria which greeted the launch of the euro lasted for little more than a week before macroeconomic reality took its *toll. Equities are now 11 per* cent below their 1999 peak in dollar terms.

Currency weakness typically boosts euro-zone equities, he said, but global bond market worries had been more dominant, highlighting the absence of value in the shares.

Telecom stocks continued as the big winners this year rather than cyclicals. But with the euro likely to reach $1.04 as European monetary policy eases, better times for *equities – perhaps even* cyclicals – were moving closer, said Mr Harnett.

Dow jumps after $16bn computer deal

AMERICAS

A broad rally swept through Wall Street during the morning session as stocks were *lifted by enthusiasm for the* $16bn deal between IBM and Dell Computer, *writes John Labate in New York.*

After a string of weak trading days, led by softness in the computer sector, investors jumped back in as sentiment was boosted by the agreement between Dell and IBM.

IBM, one of the 30 stocks in the Dow Jones Industrial Average, climbed $6 1/2 to $173 1/4 while Dell gained $2 1/4 *to $83 7/16. Not all stocks par*ticipated in the rally, however. Compaq Computer was down $1/16 to $33 13/16.

"We spent the last two weeks with technology giving up leadership to financials and today it is taking the baton back," said Arthur Hogan, chief market analyst at Jefferies & Co in Boston.

Blue chips were especially strong. By early afternoon the Dow Jones Industrial Average was up 148.60 or 1.6 *per cent to* 9,424.48. The broader Standard & Poor's 500 index reached 1,243.35, a gain of 15.65. The Nasdaq composite index, weighted in high-tech shares, had gained 32.86 or 1.45 per cent to 2,298.06.

Investors seemed to take their minds off the bond market and concerns that the Federal Reserve may have to raise interest rates soon.

The week's most impor*tant economic report, the* monthly labour market report, is due out today and could give the market new direction.

The 30-year Treasury bond was up 1/32 at 93 31/32, yielding 5.689 per cent in midday trading.

In the retail sector, Circuit City rose 6.5 per cent or $3 3/4 *to $60 3/4 after saying its quarterly earnings would exceed* analyst expectations. Saks fell $3 3/16 or 8.9 per cent to $32 13/16 after flat February same-store sales figures.

Shares of Sears Roebuck surged 5.5 per cent to $42 7/8 after reporting a slight rise in February domestic sales.

Shares of toy producer Mattel fell $1 1/16 to $24 1/16 after the company announced a management shake-up on Wednesday.

Electronic commerce company Checkfree Holdings tumbled 14 per cent or $5 to $30 1/2 after Lehman Brothers cut its rating to "neutral".

TORONTO punched higher in early trading, riding up on the strong start for Wall Street plus news of a C$7bn takeover in the local telecoms sector.

MetroNet Communications jumped C$4.85 to C$70.85 on the announcement that AT&T Canada had put in a bid for the company.

Rogers Communications, which has a big stake in MetroNet, gained C$1.20 to C$24.90 in sympathy.

News of the deal helped bolster the telecoms sector as a whole. BCE put on C$1.20 at C$60.65 and Northern Telecom gained C$1.40 to C$85.15.

With the heavyweight bank and golds shares also in demand, it added up to a buoyant opening session for the 300 composite index *which was 78.26 higher at* 6,258.60 at noon.

Among banks, Royal Bank of Canada gained C$1.20 to C$24.90 while Bank of Montreal added 75 cents at C$62.85.

Latin America boosted by Wall Street advance

Latin American markets *were mostly higher as Wall* Street's strong start echoed through the region.

SAO PAULO rose 3.2 per cent in early trading on hopes that the central bank would announce new measures to support the Real at the end of its policy meeting. The Bovespa index was 296 higher at 9,451.

Traders said that interest rates were expected to remain stable although Arminio Fraga, the newly-*appointed bank president,* was expected to unveil steps aimed at fending off the currency crisis.

MEXICO CITY joined in the action, forging 1.6 per cent ahead, with the IPC index up 66.96 to 4,194.34.

A technical error briefly sent a shiver through the market after the IPC shot up by nearly 6 per cent before returning to its previous level.

Banks help Paris spring up

EUROPE

Bank stocks turned in an action-packed performance in **PARIS** as merger speculation returned to drive the market forward on news that a big stake in CCF had changed hands.

The CAC-40 rose healthily in the morning and was given a further boost by a vigorous start on Wall *Street, ending 83.83 or 2.1 per* cent higher at 4,087.99, with many stocks posting gains of 4 per cent and more.

CCF first shot up 8.7 per cent after Mutuelles du Mans said it had sold its 7.8 per cent stake to KBC for €112.50 a share, making the Belgian banking and insurance group one of CCF's main shareholders.

But CCF then softened, spending much of the afternoon in the red before clos*ing €2.25 or 2.8 per cent* ahead to €83.40. Analysts said the transaction left CCF with three major shareholders – ING, Swiss Life and KBC – making it unlikely that one of them would succeed in taking it over should a bid battle ensue.

The FTSE Eurotop 300 index rose 13.27 or 1.10 per cent to 1,214.56. See Euro Prices page.

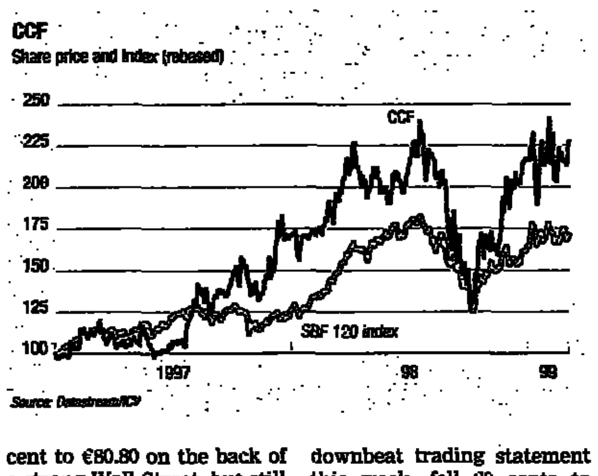
A statement by KBC say*ing it was not seeking a* majority stake, despite the hefty premium paid, further dampened enthusiasm.

Other large French banks, which also rocketed on the news, proved more resilient. Société Générale closed €3.20 higher to €139.30 while BNP added €4.05 or 5.3 per cent to €79.90, slightly off their session highs.

Oil stocks had a field day, with Elf-Aquitaine €5.20 higher at €79.90 and Total up *€4.80 to €101.30, as oil prices* picked up at the end of the European day.

LVMH posted its first sharp rise in two weeks, adding €8 to €200 after the company said it would suspend its hostile bid for Gucci despite an ongoing legal battle between the two companies.

Leading the CAC-40, however, was volatile high-tech stock STMicroelectronics, which added €6.60 or 8.9 per



cent to €80.80 on the back of a strong Wall Street, but still far below its 1999 peak of €93.70.

FRANKFURT swung higher in late trade, reversing early heavy losses to close with the Xetra Dax, which threatened to break down through the 4,600 level, 54.17 higher at 4,722.69.

Siemens turned in the day's best performance among leaders, jumping €3.29 to €56.65 on a wave of speculation about a big US investment.

Among financials Deutsche Bank gained €1.18 to €46.83 and Munich Re rose €4.80 to €181.90.

In industrials, Degussa Huels added €1.07 at €32.30. Mannesmann improved €1.71 to €117.95 but elsewhere in telecoms Deutsche Telecom gave up 80 cents at €40.20.

Lufthansa wobbled badly in early trade following a German press report that its 1998 results – due on March 22 – would fall short of broker expectations. The shares ended off 50 cents at €19.65 after a low of €19.31.

AMSTERDAM brushed aside a sharp bounce for market heavyweight Royal Dutch to send the AEX *index down 3.24 to 515.92 in* moderate trading volume.

Royal Dutch kept in step with the European-wide rally for oils stocks, ending within a whisker of the day's high following the recent recovery for international oil prices. The stock rose €2.05 or 5.2 per cent to €41.35.

Among techs, ASM Lithography eased 15 cents to €35.90 in spite of an upgrade to "buy" by Merrill Lynch. But Baan, which released a downbeat trading statement this week, fell 60 cents to €6.90 for a three-day decline of 19 per cent.

ZURICH closed higher, led by Roche and CS Group, and the SMI index put on 120.7 or 1.7 per cent to 7,106.8.

Roche certificates added SFr310 to SFr18,780 as the market interpreted the stock's break above SFr18,550 as a buying signal. The company also reported that the European Commission had approved its drug Zenapax, used to prevent organ rejection after kidney transplants. Novartis put on SFr20 to SFr2,520.

CS Group rose SFr12.50 to SFr236. UBS was SFr13.50 higher at SFr461.50 as Merrill Lynch raised its 12-month price objective for the stock from SFr460 to SFr500.

MILAN took a lead from Wall Street during a day in which investor focus remained on telecoms and banking stocks. The real-time Mibtel index added 533 or 2.3 per cent to 23,923.

Telecom Italia was 6 cents higher at €9.56 as its board held a third meeting since Olivetti launched its $58bn bid. A statement was due after the market closed. Olivetti finished 2 cents weaker at €3, up from a low of €2.89. Investors were said to be betting that Telecom would go ahead with its plan to merge with Tim.

Banks were mostly strong with positive results helping lift Unicredito 17 cents to €4.58.

HELSINKI edged up 0.1 per cent on the news of the IBM/Dell $16bn pact in the US. The Hex index gained 6.91 to 6,126.24.

JOT Automation shook the market when Alfred Berg crossed 450,000 shares at €46.5 per share. The company ended €1.20 higher at €46.20 despite news that three of its executives had sold some of their shares.

Forestry issue Stora Enso added 45 cents or 5.4 per cent to €8.75 following a rise in its US peers.

Market heavyweight Nokia was also weak, missing out on the best of Wall Street's rally. The stock ended 15 cents lower at €126.35.

Written and edited by Michael Morgan, Jeffrey Brown, Peter Hall and Bertrand Benoit

Futures send Jo'burg higher

SOUTH AFRICA

Lifted to a fresh high for the year on futures-related buying, Johannesburg moved ahead for the fourth day running with the all share index gaining 43.2 at 6,130.7.

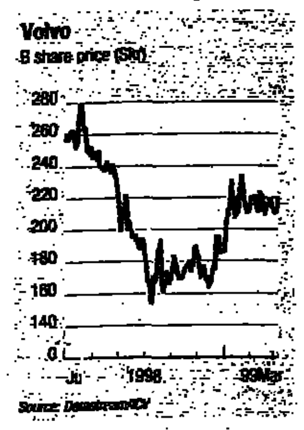
Industrials put on 1.1 per cent to 7,011 and financials, led by gains of more than 4 per cent for Nedcor and Absa, two leading banks, added 0.6 per cent at 9,241.7.

The gold sector rose 2 per cent to 934.3 despite profit-taking at Randgold and Driefontein.

MARKET FOCUS

Riding high on merger frenzy

Swedish cars and trucks have traditionally been known for safety and bulk, rather than rapid acceleration. However, over the past three months shares in the country's two largest automotive groups – Volvo and Scania – *have soared as the* merger frenzy gripping the European automobile industry has gathered pace.



After a sedate ride for most of 1998, shares in Scania have risen by almost 50 per cent since the end of November while Volvo's most commonly traded B shares have climbed 23 per cent over the same period.

But it is doubtful investors would have seen such growth on underlying values. After all, Scania has traded at or below its 1996 flotation price of SKr180 a share for most of the past two years, declining to a 12-month low of SKr130.50 in 1998.

That it should climb towards SKr260 last month was due entirely to Volvo's unsolicited takeover approach. In January, Scania's most traded B shares surged after Volvo launched a dawn raid capturing 13 per cent of the truckmaker.

At the same time, Volvo's shares jumped above SKr230 following confirmation that it planned to sell its car division to Ford of the US for SKr50bn. That transaction, due to be approved by shareholders on Monday, promises to enhance Volvo's buying power as it seeks acquisition opportunities in commercial vehicles.

Expectations that it would swallow Scania, however, were dashed when Investor, Scania's controlling shareholder and the main vehicle for Sweden's Wallenberg business empire, appeared to rule out a disposal.

Investor, which holds almost 45 per cent of the truckmaker, is understood to have demanded SKr350-SKr375 a share, valuing the company at SKr70bn to SKr75bn. Although Volvo wanted to show shareholders it could recycle cash from the Ford deal, it was not prepared to pay more than SKr270-SKr280 a share.

The impasse led to a sharp fall in Scania shares, although not to the pre-Christmas levels of around SKr150. The stock has settled between SKr210-SKr220, as has Volvo's share price.

"What we have seen is a lot of volatility in Scania without much result," said one Stockholm broker.

Nevertheless, all the activity has helped lift Sweden's general manufacturing index by almost 9 per cent in the past three months in spite of a raft of mixed results from large companies and a slowdown in export growth.

Scania predicted a healthy performance in 1999, buoyed by restructuring benefits and the absence of warranty costs incurred in the past two years. But it will have to deliver spectacular results to justify Investor's claim that it is worth an underlying SKr250-SKr270 a share.

Volvo, if anything, faces a more uncertain future. If a suitor such as Fiat of Italy decided to make a tilt at the company, shareholders would enjoy a rapid rise in the stock price and the prospect of a large premium in return for any deal.

Tim Burt

Jittery Tokyo loses early gains

ASIA PACIFIC

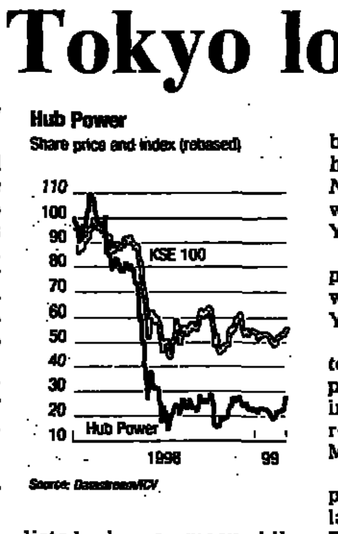
Shares in **TOKYO** moved *unsteadily between active* buying in early trading to weakness by the close as investors were caught between enthusiasm over the higher dollar and concerns about selling pressure ahead, *writes Michiyo Nakamoto.*

Early in the day, a higher dollar encouraged buying of high-tech exporters but the gains were virtually erased by the close as investors turned jittery in the face of the unwinding of cross-shareholdings.

Corporate activity to unwind their cross-shareholdings is expected to continue until the closing of books at the end of the month. As a result, in spite of pension-fund buying *which is believed to have* provided comforting support to the market, gains above the 14,000 level have tended to lead to caution.

The benchmark Nikkei Average closed just 13.09 up at 14,183.45 after rising as high as 14,224.73 earlier in the day. At its low, the index stood at 14,121.02.

The Topix index of all



listed shares, meanwhile, moved up 5.30 to 1,105.11 while the Nikkei 300 edged 0.95 higher to 220.39.

Activity was subdued with 389m shares changing hands compared with 395m on Wednesday. Losers almost *balanced winners by 585 to* 566, with 151 issues unchanged.

The yen's weakness encouraged active buying in export-related issues, which benefit from a firm dollar due to strong overseas demand. Sony surged Y380 to Y9,450 and Toshiba added Y33 at Y722. NEC also gained Y21 to Y1,175.

Buying by what was believed to be pension funds helped to lift issues such as *NTT, the telecoms group,* which gained Y6,000 to Y999,000.

NTT Docomo, its cellular phones subsidiary which was listed recently, rose Y70,000 to Y4.28m.

NTT Docomo is expected to post 20 per cent higher profits, rather than a decline in profits, when it reports its results for the year to March.

KARACHI was a strong performer, largely on speculative demand for Hub Power on rumours that progress had been made to resolve the bitter tariff dispute between the energy group and the government. The KSE-100 index finished 20.95 higher at 970.77.

Hubco shot up Rs1.30 to *Rs15.80 in spite of a denial* that it had made any progress on the 11-month dispute.

BOMBAY called a halt to its three-day rally, pulled back by profit-taking in software shares. The BSE-30 index finished 38.46 weaker at 3,601.96 .

Analysts noted that the blue-chip index had risen more than 100 points in each of the previous three sessions and had risen by *nearly 13 per cent since its* pre-budget close last Friday.

Yesterday, however, demand from foreign institutional investors trailed off after their heavy purchases in the previous session.

Among software stocks, Infosys Technologies lost Rs272.75 to Rs3,138 after soaring 26.8 per cent from last Friday's close.

SINGAPORE pushed higher with talk of cuts in bank prime rates over-riding the message from the money markets where three-month interbank rates hardened in the face of another soft day for the peso.

Property shares led the market up with the sector index gaining more than 2 per cent. MCL Land jumped 9 cents to S$1.20 and City Development 25 cents to S$7.15. The Straits Times index ended up 17.60 or 1.2 per cent at 1,433.41.

BANGKOK lost ground as investors sold financials. Krung Thai Bank was the day's most active stock, slipping Bt0.50 to Bt15.25. The SET index closed at 337.14, a decline of 4.37.

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